London Transport

Annual Report 1998/99

1998/99

Keeping London *moving*

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London Transport

London Transport is responsible for planning, providing and procuring safe, efficient and affordable public transport services for people who live in, work in and visit London. It places the highest priority on the safety and security of customers, employees, contractors and the general public, and on improving environmental performance.

London Underground operates the Underground network, and is also responsible for planning, maintaining, upgrading and extending it. The private companies which operate London's bus services work under contract to LT Buses. LT Buses plans routes, specifies service levels and monitors their quality, and works with other organisations to develop bus priority schemes. LT Buses is also responsible for bus stations and stops, and other support services.

In addition, London Transport manages Victoria Coach Station, London River Services, LT Museum and a portfolio of commercial property, and oversees the Croydon Tramlink project. It also works closely with other companies and organisations, particularly the train operating companies, Railtrack and the London boroughs, to improve London's transport by co-ordinating services and by providing integrated ticketing and travel information.

Chairman's statement

Demand for London Transport's services is at its highest level for 25 years. I am pleased to say that, during 1998/99, we have been able to meet this increased demand by improving our provision of public transport services which keep London on the move.

We are working hard to offer efficient, seamless journeys, but face the challenge of modernising and developing one of the world's longest-established public transport systems. This requires massive effort not only in engineering, construction and technology, but also in finance and investment. We are resolute in our aim to introduce modern, easily-accessible and more environmentally-friendly buses, and are determined to ensure the Underground is one of the world's best metros.

As a result of Private Finance Initiatives, new trains are now in service on the Northern line, power supplies to the Underground are being upgraded, ticketing improvements are being introduced on the buses and Underground, and British Transport Police will soon have access to better, more modern facilities.

In preparation for the Millennium celebrations, an integrated strategy is being put in place to make it easy to reach the Dome by public transport. The extended Jubilee line, new river services and high-quality bus links from Charlton and Greenwich rail stations will all play important roles.

Major changes lie ahead for London and London Transport. The proposed creation of the Greater London Authority in 2000 will include the establishment of Transport *for* London, which will assume responsibility for public transport in the capital. Preparations for a Public Private Partnership, which will lead to the modernisation of the Underground network, are under way and tender documentation is due to be released in autumn 1999. Under the new arrangement, London Underground's operations will remain in the public sector, but the private sector will take over responsibility for maintaining and improving its infrastructure – subject to value for money. I am confident that this Public Private Partnership, combined with new organisational structures, will enable us to provide London with the Underground system that it needs.

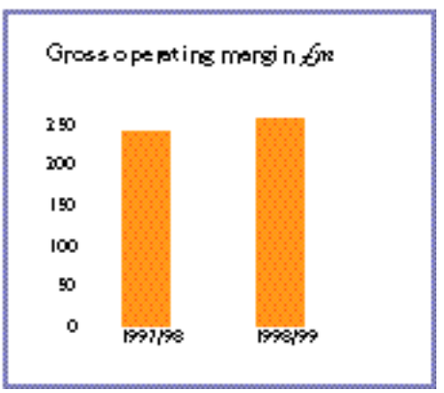
I thank our staff sincerely for their dedication to the organisation and to our customers. Without their support and commitment the achievements of the past year would not have been possible. To manage the period of change which lies ahead a number of changes have been made at board level: Denis Tunnicliffe was appointed Chief Executive in May 1998, and Derek Smith joined as Managing Director of London Underground in February 1999. I pay particular tribute to the efforts of my predecessor Brian Appleton, from whom I took the reins in February 1999. I thank Tony Sheppeck for his contribution to our improved financial performance before he retired as Board Member for Finance. I also thank Dr Robin Jeffrey and Bob Chase for their contributions during their time as Non-Executive Directors.

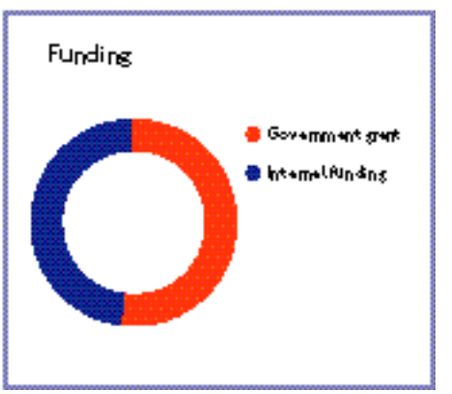
We are committed to helping to improve the quality of life in London and believe that congestion and pollution cannot be accepted as an inevitability. To deliver the best outcomes for all, we will seek to create closer partnerships with the other organisations with which we work. Most importantly we will play our part in delivering better integrated transport and provide the Greater London Authority with a strong base to develop its integrated transport strategy for London.

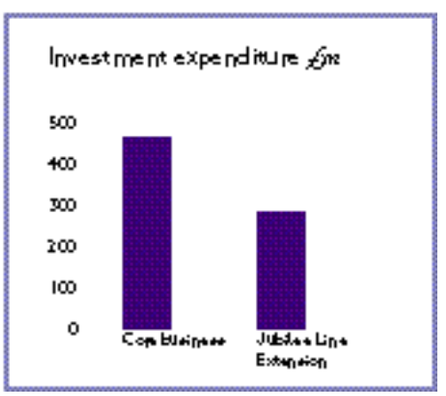
Sir Malcolm Bates

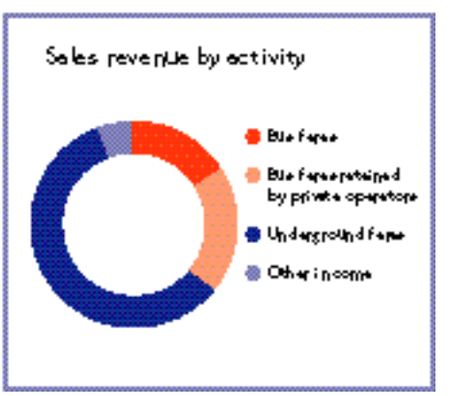
The year in brief

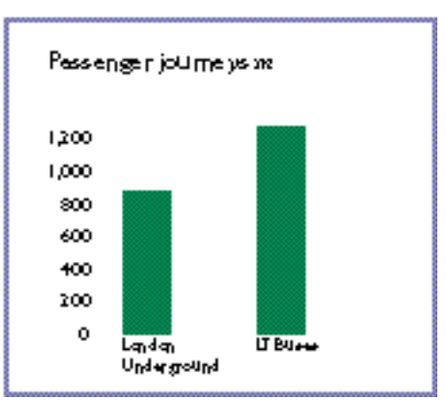
- 2.1 billion journeys made on London's bus and Underground services
- Government revenue grant not required for operations for the fifth consecutive year
- Gross operating margin represented 55% of the investment in the existing network

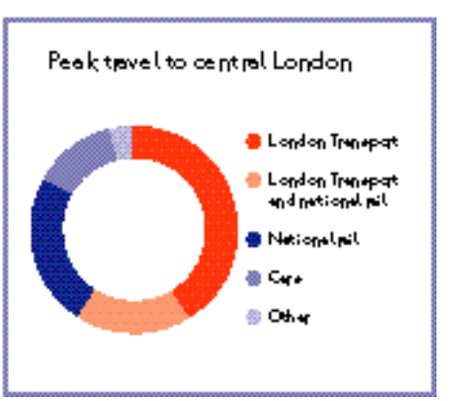


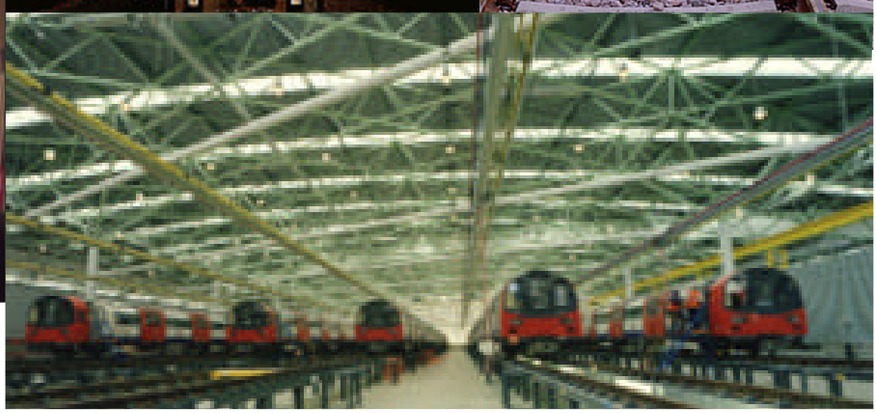












1998/99 *at a glance*

April

Government published its *Greater London Authority* White Paper, leading the way for London Transport's functions to pass to the new executive Transport *for* London in 2000.

Brian Appleton took over the Chairmanship of London Transport from Peter Ford.

Mornington Crescent station reopened after a £10 million refurbishment programme.

Piccadilly line train services resumed at Earl's Court after the major refurbishment of the network's oldest escalators.

May

Denis Tunnicliffe appointed to the new post of Chief Executive, London Transport.

French-language telephone travel enquiry service launched.

Initiatives to make travel easier for blind and partially sighted people earned the annual *Big Print* award.

New Travelcard, offering child-rate travel for job seekers on most London Transport services, launched to help them in their search for work.

Dedicated project team, LINK (London Interchange Network), set up to deliver interchange improvements across the network.

June

Two-year £1 billion Underground investment programme announced.

Industrial action by RMT resulted in two days of reduced Underground services.

Travel information in 15 different languages became available on London Transport's website.

First new Northern line train entered service.

July

London River Services Ltd appointed architects for new piers at Blackfriars and Westminster.

Government published its *New Deal for Transport* White Paper.

First train ran on the extended Jubilee line under signalling control.

Industrial action by RMT resulted in one day of reduced Underground services.

Sponsorship deal for the Tube Map arranged with Yellow Pages.

Industry conference held to set out Public Private Partnership proposals for the future financing of the Tube.

August

Private Finance Initiative deals signed for the Underground's power supply and for enhanced ticketing and revenue collection systems, for bus and Underground.

Waterloo & City Railway celebrated its centenary with an open day.

Contract awarded for supply of the Millennium Transit bus services, including guided section to Charlton station.

Epping to Ongar branch of the Central line sold for introduction of a commuter service by 2000.

16% reduction in robberies announced, continuing the long-term downward crime trend on the Underground.

Archaeological finds from the excavation of the extended Jubilee line went on exhibition at the Museum of London.

September

International consultants, Bechtel, appointed to project manage the final stages of the Jubilee Line Extension project.

First trams delivered to Croydon Tramlink.

Travel information telephone service became available in five Asian languages.

Student travelcard introduced.

Stratford Bus Station and Stratford Market depot were opened to the public for a "behind the scenes" viewing as part of London Transport's contribution to London Open House Day.

Metrotravel
Why you deserve the best Tubes and buses
Welcome to your very own LT page
See the whole of London from a ticket office. Buy a Travelcard.

October

First low-floor double-deck buses entered service.

Trials of new Underground uniforms began – using matching reflecting materials to improve safety, replacing the orange high-visibility tabard.

New Embankment pier officially opened.

Bus safety video *A Laugh on the Bus* launched to develop bus safety awareness to 10-14 year olds.

November

Fifty-strong contingent of past and present London Transport staff marched to the Cenotaph, a civilian privilege granted in 1920 by King George V.

Home-Link combined Tube and mini-cab service was extended to five stations in south-west London.

London Transport entry in the Lord Mayor's Show depicted all forms of transport in London.

December

Multiple-train test running on the extended Jubilee line started between West Ham and North Greenwich.

Carnet Underground tickets went on sale on Kent commuter coaches.

LT Buses welcomed the Government's £12 million initiative to extend and improve the London Bus Priority Network.

First new electronic ticket machines introduced on buses.

January

Budweiser sponsored public transport travel for new year revellers.

Fares rose by 3.5%. Changes included better than ever savings on Carnet, lower child-rate fares for some bus and Underground journeys and child fares pegged at 60p for Family Travelcards.

Joint report with London Planning Advisory Committee recommended the return of leisure facilities to high streets.

Announcement of Government grant of £80 million to fund the first stage of improved facilities at King's Cross St Pancras station.

Travel Information Centre opened at Paddington.

February

Sir Malcolm Bates appointed the part-time non-executive Chairman of London Transport.

Derek Smith became the new London Underground Managing Director.

Interchange facility opened at Orpington, providing direct access to both local bus services and National Rail.

Industrial action by RMT affected Underground services on two days.

Publication of London Transport's response to the Government's White Paper on the future of transport, highlighting the key role of integration.

Launch of the vessel, MV *Philip Pirrip*, in preparation for providing river passenger services from Greenwich to the Millennium Dome.

March

London Transport published its PPP Progress Report, leading to the next step of prequalification of bidders.

Private Finance Initiative deal signed to improve British Transport Police facilities.

Bus services introduced to the newly-opened Bluewater shopping centre – Europe's largest.

Appointment of designate Directors to take forward the running of Transitional London Transport and Underground operations in preparation for the Public Private Partnership.

Free daily *Metro* newspaper, including a dedicated London Transport page, launched at London Underground stations.

Responsibility for the Stratford to North Greenwich section of the extended Jubilee line passed from the project to London Underground, leading the way for the start of trial operations.

Publication of *Buses: a Cleaner Future* setting out reductions in bus emissions and LT Buses' commitment to making further improvements.

1906

1901 1916

1931
1952

1933

1910

1933

A century *of change*

1900
City and South London Railway (later to become part of the Northern line) opened extensions to Clapham Common and Moorgate.

Central London Railway (later to become the Central line) opened between Shepherd's Bush and Bank.

1901
First electrified tramways opened in west London.

1903
Electrification of steam-hauled Underground lines began.

1904
First double-deck petrol-driven buses entered service.

1905
Forerunner of the famous London Transport roundel introduced by London General Omnibus Company (LGOC).

1906
Opening of the Baker Street and Waterloo Railway (later to become the Bakerloo line), Great Northern Piccadilly and Brompton Railway (Piccadilly line) between Finsbury Park and Hammersmith.

1907
Opening of the Hampstead Railway (later to become part of the Northern line) between Charing Cross, Golders Green and Archway.

1910
First mass-produced motorbuses.

1911
First passenger escalator opened on the Piccadilly line at Earl's Court.

1914
Horse buses taken out of service.

1915
Horse trams taken out of service.

1916
Corporate typeface, designed by Edward Johnston, used on new signs/publicity.

First women bus conductors started work.

1922
Independent bus operators started services in competition with LGOC.

1931
Diagrammatic map of the Underground, designed by Harry Beck, introduced.

1933
London Passenger Transport Board (LPTB) established with powers to take over and operate all bus, tram, trolleybus, Green Line coach and Underground services in London and adjacent counties.

Piccadilly line extended to Cockfosters.

1935
Bus stops widely introduced; previously buses could stop on demand.

1936
Underground discontinued parcel and freight operations.

Last open-top trams withdrawn.

1939
As a wartime measure, the Government took control of the LPTB.

1940
First-class accommodation on Underground discontinued.

Women recruited to release men for war service.

1941
Northern line extensions to High Barnet and Mill Hill East opened.

1945
Reconstruction of the war-damaged system began.

1946
Mass replacement of London's ageing tram and bus fleet by more than 4,000 RT double-deck buses began.

1947
Transport Act established the British Transport Commission, responsible to the Minister of Transport. The London Transport Executive formed a constituent part of the Commission.

1952
London's last tram ran.

First aluminium train.

1956

1985

1992

1968

1977

1992

1993

1998

1956
First Routemaster entered experimental passenger service.

Recruitment office opened in Barbados in an effort to overcome labour shortages.

1962
Last trolleybuses taken out of service.

1963
Under the Transport Act 1962, the British Transport Commission was abolished, and a London Transport Board, directly responsible to the Ministry of Transport, was established to run bus and Green Line coach services and the Underground.

1965
First bus lane introduced, in Park Lane.

1968
Victoria line opened, with automatic train operation.

1970
Control of London Transport transferred to new executive (LTE) under Greater London Council (GLC). Country buses and Green Line coaches transferred to National Bus Company.

1974
London's first woman bus driver began work.

1977
Piccadilly line extended to Heathrow Airport, making London the first capital city with a metro link to its airport.

1979
Jubilee line opened.

1981
GLC's Fares Fair policy reduced fares. Usage increased by 9%, but successful legal challenge on the level of subsidy required led to fares rising again.

First Underground dot-matrix information system introduced.

1983
Travelcard system based on zonal fare structure introduced on London Transport services.

1984
Under the London Regional Transport Act, London Transport became the responsibility of the Secretary of State for Transport and was renamed London Regional Transport (LRT).

1985
London Buses Limited and London Underground Limited created as wholly-owned subsidiaries of LRT.

Competitive tendering of bus routes began.

1987
Docklands Light Railway opened.

1988
Victoria Coach Station acquired.

1989
Travelcard validity extended to British Rail services in Greater London.

Subsidiary bus operating companies set up in anticipation of the privatisation and deregulation of bus services in London.

1990
LRT became known as London Transport again for all but legal purposes.

1992
Control of Docklands Light Railway transferred to the London Docklands Development Corporation.

Introduction of "Countdown" bus information system began.

1993
New Central line trains introduced.

Construction of the Jubilee Line Extension got the go-ahead.

1994
Bus companies privatised.

LT Buses set up to co-ordinate all bus-related activities following the Government's decision to postpone deregulation in London.

1997
Work began on Croydon Tramlink.

LT Buses encouraged bus service operators to use cleaner fuels by covering the difference in costs.

1998
Government announced plans for restructuring London Transport and tackling the backlog of under-investment in London Underground.

1999
In May the extended Jubilee line opened from Stratford to North Greenwich.

Chief Executive's review

London Transport plays a crucial role in keeping London moving. Over the past five years the level of kilometres operated has increased by 16% on the Underground and 11% on the buses and, during the past year, 2.1 billion journeys were made on the network.

Denis Tunnicliffe, Chief Executive, London Transport.

Keeping London moving

We are enthusiastic about the Government's new policy on integrated transport, which fits well with the way we have planned and operated services for many years. Our extensive investment and service development programmes focus on providing a system which better meets our customers' needs and which will attract more people to use public transport.

London Underground

London Underground, which provides a quick, reliable and simple means of travelling around London, is not only the world's oldest underground network, it is also one of the largest.

Demand continues to grow and reached record levels in the past year. More than 2.6 million journeys are made each weekday, and the system carries nearly as many passengers as the entire national rail network. To meet this demand, London Underground improved schedules, continued to modernise and extend the system, and operated more than 61 million kilometres during the year. The focus in employee training and in the day-to-day working environment is on meeting customer needs and equipping employees with the skills and motivation to do so.

London's buses

In London, more people use buses than any other form of public transport and over the past five years demand has increased by 14%. Most Londoners live or work within five minutes' walk of a bus stop and 4 million bus journeys are made each weekday.

The tendering programme creates the ability to adapt services to meet passengers' changing needs. During 1998/99, 120 routes, representing 22% of the network, were tendered and an additional 2 million service kilometres were run. Night bus, off-peak and weekend services were increased and the network was extended into new areas.

Opposite: London Transport provides a public transport system which keeps London on the move.

Keeping London *moving*

Opposite, top-left: customers can find information about transport in London on the internet.

Opposite, top-centre: Victoria Coach Station customers are able to make use of high quality retail outlets.

Opposite, top-right: an increased range of tickets is now available to suit specific customer needs.

Clive Hodson, Managing Director, LT Buses.

Derek Smith, Managing Director, London Underground.

Victoria Coach Station

Victoria Coach Station handles more than 90% of central London's long-distance coach travel. In the past year, it handled more than 190,000 coach departures, the highest number since 1990/91. To provide more accurate information for people who are meeting passengers, a computer link to National Express's control centre has been installed.

Providing customer information

Our Travel Information Call Centre provides information on all modes of public transport 24 hours a day. A record number of nearly 4 million calls was answered during the year, while our Travel Information Centres served more than 5 million customers.

During 1998/99, we introduced *Travelling in London* leaflets in Spanish, Italian and Japanese and our Call Centre's services were expanded to include a French-language line. In conjunction with the London Borough of Newham, an initiative to provide travel information in Bengali, Gujarati, Hindi, Punjabi and Urdu was launched.

Opposite: More than 6 million journeys are made on London's bus and Underground network each weekday.

Our commitment to improving travel information includes an ongoing trial of touch-screen information systems and the development of mini-Travel Information Centres. An internet journey planner, to supplement the existing web site, is expected to be in operation in summer 1999.

Encouraging travel on the network

One of our priorities is to reduce road congestion and pollution by encouraging more people to use public transport instead of their cars. Initiatives to make public transport more attractive include the introduction of new tickets which meet the needs of particular groups of users. During the year we introduced a New Deal photocard for job seekers, and a Student photocard – both of which offer reduced rates for travel.

Our advertising campaigns focused on stimulating increased leisure travel by bus and tube and promoting "niche" tickets, such as Family Travelcards. A range of promotions, which included discounts at restaurants and free gym sessions, was complemented by information-based campaigns which provided a wide range of ideas of things to see and do in London.

Making ticket purchase easier

Travelcards and other passes are on sale at 2,300 local retail outlets, from stations and from our Travel Information Centres. To make it easier to buy tickets, a trial telephone ordering service for season tickets was introduced, queueing systems were streamlined at several busy stations, and the use of self-service machines was encouraged. When people buy tickets for events at Earls Court or Olympia they are now also offered travel tickets.

Measuring our performance

We monitor performance to identify areas for improvement, and are working to improve our overall standard of service. However, despite stringent efforts, we were generally not able to reach the demanding quality-of-service targets set by Government.

On the Underground the percentage of schedule operated, at 93.6%, was slightly lower than in the previous year. The introduction of new and refurbished trains meant that there were some transitional difficulties affecting the availability of

Opposite, top-left:leaflet racks at stations enable a wide range of leaflets about services to be put on display.

Opposite, top-centre:service reliability and frequency continue to be priorities for bus passengers.

Opposite, top-right: customer satisfaction levels with provision of information on the Underground increased by 4%.

serviceable trains on the Northern and Piccadilly lines.In addition,strike action by RMT affected services on five days during the year. Customer satisfaction performance levels were, however, maintained or improved for the five quality-of-service measures,with information provision showing the greatest improvement.The customer-focused employee training schemes played a key role in improving customer satisfaction levels.

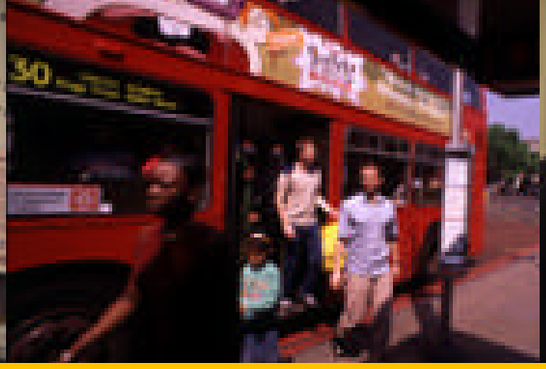
On buses, customers' key priorities remain service reliability and frequency.The level of service operated was the highest since 1968, but traffic congestion meant that reliability declined over the previous year, despite the introduction of bus priority measures and improved schedules.The condition of bus stops and shelters exceeded the Government's target, and satisfaction with staff helpfulness and bus station environments increased.In response to relatively low levels of satisfaction with information at bus stations,staffing levels were increased.

Developing our employees

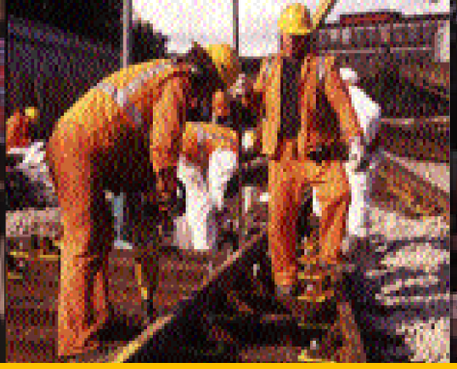
We are dedicated to developing our employees.During the year a number of our business units achieved full accreditation for the national training and development standard,Investors in People. A wide range of safety, technical and professional training, including change management training,is available to ensure that all employees will be able to meet the challenges of the future.

An active employee communication and consultation programme, which informs our staff of the organisation's performance and of developments which affect them, enables them to contribute to the development process.Information from this process,together with regular surveys of all directly-employed staff, was used to feed into our future change programme.

Opposite:the training of new station staff focuses on fostering customer awareness and provision of customer information.



Keeping London *moving*



Keeping London *moving*

Opposite, top-left: Mornington Crescent station reopened after a £10 million investment programme.

Opposite, top-centre: service reliability and safety would soon deteriorate without investment in infrastructure. During the year, £415 million was invested in the existing Underground network.

Opposite, top-right: under a Private Finance Initiative, £420 million was invested in new Northern line trains and equipment. The benefits of this investment are readily evident to customers.

Investing in the network

Investment in the bus and Underground networks is vital if London Transport is to continue to meet growing demand while continuing to provide safe and efficient public transport. During the year, we invested £434 million in improving the existing network, £84 million more than in 1997/98. Of this, £367 million was self-funded and £67 million came from Government grant.

London Underground continued to improve its financial performance, helping to increase London Transport's gross operating margin to £255 million – £18 million higher than in the previous year. LT Buses' financial performance, however, declined – principally as a result of increased tender prices. A gross operating loss of £12 million was recorded compared with break-even in 1997/98, this required a subsidy of 3.4 pence per bus kilometre.

Opposite: the majority of visitors to the Dome will pass through the new Jubilee line station at North Greenwich.

Income from our property interests increased 7% to £35 million, and made a significant contribution to our non-fare income. This was despite some property being taken back for operational use. Surplus and under-performing property was sold for £12 million, and applications to reduce the rateable value of other properties provided an additional £5 million.

Improving London's Underground

The Underground network is old and complex and has a history of under-investment. To continue to provide a safe and efficient service, on-going investment is needed in its infrastructure – its trains, stations, track, tunnels, bridges and signalling.

During 1998, to secure more investment in the Underground, the Government announced a plan to create a Public Private Partnership. In support of this initiative, it made additional funding available over two years to improve London Underground's assets and to meet the cost of implementing the partnership.

An integrated information and promotion campaign, "New Tube approaching", was launched to show customers how the investment programme will improve their journeys. When services have to be disrupted, a comprehensive information programme gives advance warning of the work.

Of the £415 million invested in the existing Underground during the year, much was used for upgrading and renewing basic infrastructure, the benefits of which are not always immediately apparent to customers. Some £95 million was spent on track, £28 million on signalling and communications, and a further £26 million on lifts and escalators.

The benefits of the £68 million which was invested in stations during the year are more readily apparent. Mornington Crescent station reopened after a £10 million refurbishment and £16 million was spent on modernising Oval and Clapham Common stations.

Many customers' journeys were improved as a result of investment in trains. A new fleet is operating on the Jubilee line, work continued on refurbishing the Piccadilly line fleet, and some of the oldest working stock on the Northern line was steadily replaced by new trains which were supplied under a Private Finance Initiative deal. The new trains are more energy efficient and have in-cab CCTV.

Opposite, top-left: additional cashpoints are being installed across the network for the convenience of customers.

Opposite, top-centre: the interchange at North Greenwich is part of a new network of public transport services.

Opposite, top-right:control centres for enforcement of bus priority measures are being introduced.

Providing better station facilities

Better convenience shopping facilities have been created through a programme to introduce quality sales outlets and branded retailers into station concourses in the central area.Customers are also benefiting from the additional cashpoints which have been installed across the network.

Extending the Jubilee line

During the year £282 million was invested in the extended Jubilee line. It will provide fast,direct services and interchanges with buses, national and international rail, Docklands Light Railway and all other Underground lines.The extension will play a key role in the continuing regeneration of London's Docklands and will provide south-east London with access to the Underground network. It will reduce overcrowding on other lines, and will set new standards for access,and for the quality and appearance of stations.

Providing better bus services

LT Buses aims to make journeys as safe, reliable, efficient and convenient as possible. Since traffic congestion is the greatest obstacle to achieving this,the introduction and enforcement of bus priority measures is essential.London's boroughs have implemented nearly half the £80 million London Bus Priority Network, which has involved introducing hundreds of bus lanes, extensive bus stop clearways and other improvements.In the past year alone, more than 60 bus lanes were introduced on London's roads, including the Bus Priority Network and the Traffic Director for London's Red Route Network.In addition,70 junctions were fitted with bus priority signalling, mainly funded by LT Buses.

It is, however, essential to enforce priority measures.Nearly 25% of bus lanes are now covered by an enforcement scheme, pioneered by the Traffic Director for London and London boroughs,in partnership with LT Buses.It uses roadside and on-bus video cameras to deter drivers of other vehicles from blocking bus lanes. Offenders receive fixed-penalty notices by post.

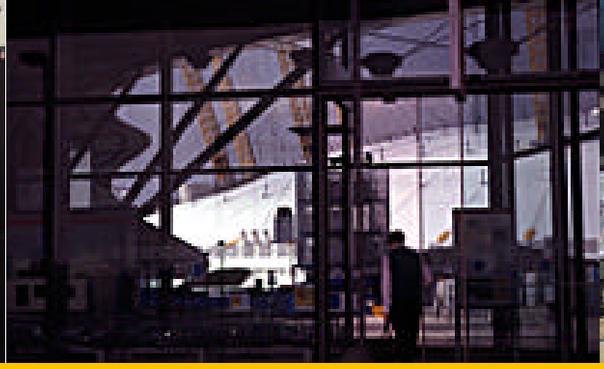
To control bus services more effectively and reduce the impact of congestion on service reliability, LT Buses is investing in a fleetwide automatic vehicle location system (FAVL),which will be fully operational by 2001.The system has now been fitted to 2,500 buses.

During the year more than 700 new buses entered service. Since 60% of these have low floors,many more customers now enjoy easy access.

Improving waiting areas

LT Buses is doing much to improve waiting facilities. During the year 1,300 stops were upgraded to incorporate better information,location names and direction of travel,and 1,500 shelters were installed or refurbished.The implementation of "Countdown" continued,with £2 million being invested in the system which provides real-time information about arrival times at bus stops.A new bus/rail interchange opened at Orpington;Edgware bus station was partly refurbished and preparatory work began for a major refurbishment of Turnpike Lane. New bus stations at Canada Water, North Greenwich and Canning Town will provide high-quality, convenient interchanges with the extended Jubilee line.

Opposite:during the year, £2 million was invested in the "Countdown"system which provides bus passengers with real-time information about bus arrival times.



Keeping London *moving*

Keeping London *moving*

Opposite, top-left:London Transport has acquired responsibility for piers and river services on the Thames.

Opposite, top-right:as part of a Private Finance Initiative deal,ticket gates are being introduced at 154 additional stations.

Opposite, top-centre: LT Buses works closely with bus operators to provide better bus services for London.

Croydon Tramlink

Croydon Tramlink,funded by a mixture of Government grant and private sector investment,is due to open in November 1999,marking the return of trams to London's streets after almost 50 years.The tramway infrastructure is nearly complete, testing and commissioning of the track has begun, and approximately half the 24-strong fleet of trams has been delivered. Croydon Tramlink will be fully integrated with the local bus and national rail services.

London River Services

London River Services Ltd was established to own and operate Thames piers, and to procure new river services.During the year, licences were issued for services which will serve North Greenwich during, and after, the Millennium Exhibition. Responsibility for the Port of London Authority's piers,staff and existing licensed boat operations was transferred to the company on 31 March 1999,for the start of services on 1 April 1999.

Opposite:the Croydon Tramlink,funded by a mixture of Government grant and private sector investment,will be fully integrated with local bus and national rail services when it opens in November 1999.

New Private Finance Initiatives

Private Finance Initiative (PFI) deals, which were signed during the year, will provide investment of £250 million over the next four years.

The Prestige contract will enable state-of-the-art Smartcard ticketing systems to be introduced on both the Underground and buses.Smartcards will enable London Transport to develop attractive new types of ticket and will reduce queues for tickets. On the Underground, faster, more efficient ticket office machines will be introduced and self-service ticket machines will be upgraded to offer touch-screen and multi-language features.The potential for travel without tickets or with undervalued tickets will be reduced by the introduction of gates at 154 additional stations during 1999. The entire bus fleet will be fitted with new ticket machines by summer 1999.

SEEBOARD Powerlink has taken over responsibility for the operation, maintenance, upgrade and replacement of the Underground's high-voltage power generation and distribution systems under the Power agreement.A more reliable power supply will result in a more reliable train service, and more efficient generation and distribution systems will benefit the environment.

British Transport Police will be more visible and their response to incidents will be improved as a result of a deal to provide them with modern and well-maintained facilities,including a new central London headquarters and a new post at West Ham.

An agreement for the upgrade of London Underground's communications network is also nearing completion.

Opposite, top-left: a programme to fit inter-car barriers to trains is well under way.

Opposite, top-centre: LT Buses has introduced an improved Driver Quality Monitoring programme.

Opposite, top-right: an automatic simulator is used to train operators of the new Northern line trains in the use of in-cab CCTV.

Improving safety and security

London Transport places the highest priority on the safety and security of its customers, employees, contractors and others that may be affected by its activities. We have a structured and comprehensive approach to managing improvements in safety. Sophisticated risk assessment techniques drive decision making and ensure that activity is directed effectively. The maintenance of safety levels is a key component in our development of Public Private Partnership plans, and a focus of the transition period which lies ahead.

On the Underground, a number of initiatives are having a positive effect on customer safety and security, particularly in reducing potential hazards on platforms and trains. A poster campaign was used to encourage customers to behave safely on escalators, platforms and trains, and a trial of yellow lines was introduced to encourage customers to stand back from the edge of platforms. To prevent customers falling between cars, a programme to fit inter-car barriers began. Barriers were fitted to all trains on the Piccadilly, District and Victoria lines during the year. The programme to install help points at stations and to upgrade and refurbish CCTV systems continued. The Underground Safety Case also underwent its full three-year review, as required by the Safety Case Regulations. Improved security measures, together with BT Police initiatives, resulted in a 6.4% reduction in crime.

LT Buses monitors accident and incident records in order to target improvements carefully. During the year it improved the Driver Quality Monitoring programme and introduced a number of successful educational projects and campaigns aimed at improving safety and security. LT Buses also worked in partnership with a number of London boroughs to respond to the 1998 Crime and Disorder and Criminal Justice Bills.

Accidents to passengers, public and employees

Passengers/public

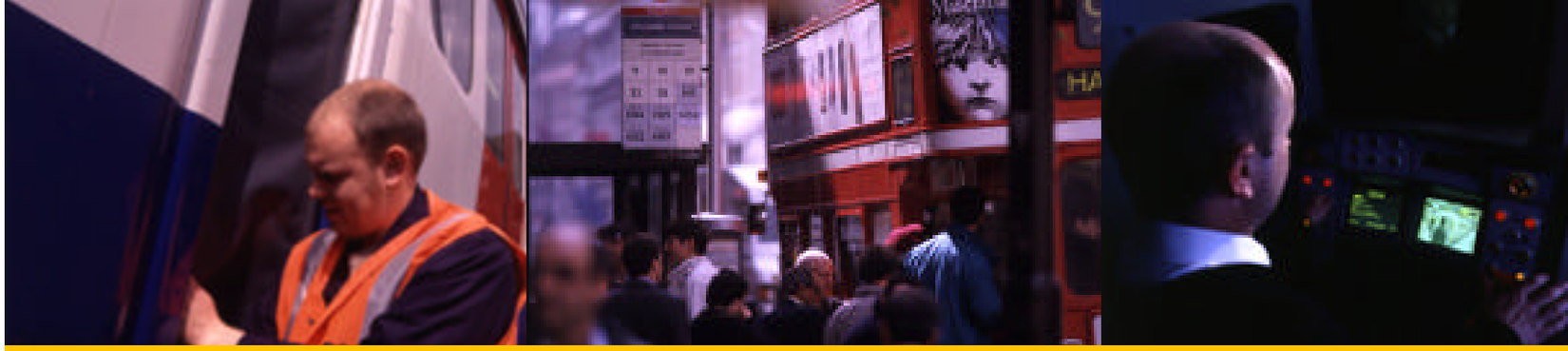
	Fatalities (i)		Major injury (ii)		Major injury rate per million passenger journeys	
	1998/99	1997/98	**1998/99**	1997/98	**1998/99**	1997/98
London Underground	**1**	4	**123**	108	**0.14**	0.13
LT bus services	**14**	17	**144**	136	**0.11**	0.11

Employees/contractors

	Fatalities			Lost-time injury rate (iii)	
	1998/99	1997/98	Type	**1998/99**	1997/98
London Underground	**1**	0	Industrial	**1.99**	2.45
			Assault	**1.70**	1.68
			Total	**3.69**	4.13
LT Buses	**0**	0	Industrial	**0.90**	0.62
			Assault	**4.51**	2.80
			Total	**5.41**	3.42

(i) Includes accidental, crime-related and reckless behaviour, but excludes suicide/medical.
(ii) Major injury, as defined in the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR).
(iii) Lost-time injury, where an employee injury (including assault) results in time lost beyond the day or shift of the incident. The rate shown is the number of lost-time injuries per 200,000 hours worked (this is equivalent to a rate per 100 staff employed).

Opposite: improvements in customer safety and security are possible as a result of investment in CCTV systems which enable platforms and ticket halls to be monitored.



Keeping London *moving*

Keeping London *moving*

Opposite, top-left:a number of Underground train depots now have water-efficient train-washing machines.

Opposite, top-right:all new buses entering service comply with the "Euro 2" emission standards.

Opposite, top-centre:the LT Museum provides an insight into the role of public transport in the development of London.

Caring for the environment

London Transport has an important role to play in working towards sustainable development and energy conservation, and in improving London's environment.

We are committed to playing our part in a number of Government-led initiatives which are designed to improve the environment over the coming years, and to providing an efficient transport network.

Regular reviews of the environmental impact of our activities are used to make improvements. Environmental challenges, targets and performance are detailed in our Environmental Performance Report.

During the year, London Underground completed the implementation of local environmental management systems and annual environmental improvement plans. It is exploring opportunities for procuring a proportion of its total electricity budget from "greener"sources.A biodiversity survey to identify rare or endangered species which live at the sides of tracks is helping to improve management's awareness of wildlife.

LT Buses is dedicated to improving air quality in London.More than 90% of its services now use ultra-low-sulphur diesel and 20% of buses,including the majority of buses on central London routes,are fitted with mechanisms to reduce emissions.Since 1996 all new buses bought by contracted operators have complied with the "Euro2"emissions standards. As soon as the even more demanding "Euro3"standard becomes available, it will be considered for adoption ahead of legislation.

Opposite:London Transport is committed to improving air quality in London and more than 90% of London's buses now use ultra-low-sulphur diesel.

Preserving London's transport heritage

The LT Museum received 210,000 visitors in the year. The museum was commended in the Museum of the Year awards and was the "London Family Attraction of the Year"in the *Good Guide to Britain*. The museum's Total Access Project,assisted by the Heritage Lottery Fund,is breaking new ground in public access to museum collections.Its reserve collections, of more than 360,000 items, were moved to the new open access store, the Museum Depot at Acton,during the year. A major cataloguing programme to make the collections and their associated stores accessible, both physically and on-line, has started.

Opposite, top:provision of integrated public transport is a key element of London Transport's planning initiatives.

Preparing for the future

Following elections in May 2000,the new Mayor for London will assume powers in July 2000. Once Parliament have approved the Greater London Authority Bill,a new executive agency, Transport *for* London (T*f*L),will take over our current responsibilities, as well as those of the Traffic Director for London, Traffic Control Systems Unit,Public Carriage Office, Docklands Light Railway and parts of the Highways Agency. During the past year we began to prepare for the transfer of our responsibilities, operations and staff.

In March 1998, the Government proposed a Public Private Partnership (PPP) to secure long-term investment for the much-needed modernisation of London Underground. In March 1999, London Underground issued a progress report on how it and the Government intend to take the partnership forward.The formal procurement process will begin with an invitation to prequalify bidders,and tender documentation is due to be released in autumn 1999.London Underground will be transferred to T*f*L after successful implementation of the PPP.

Improving integration

London Transport responded positively to the Government's Integrated Transport Policy, and a report, *Developing integrated transport:London Transport's contribution*, summarises what we are doing. We commissioned feasibility studies for improved integration at key locations,and developed and tested combined public transport guides,interchange signing standards, simplified bus information displays and a Freephone link to the Travel Information Call Centre at key interchange points. In addition a trial of Home-Link,a taxi service between customers'homes and Underground stations, was extended and now covers seven stations.

We have been working with other information providers and transport operators to meet the Government's aim of extending a public transport information system across the country by 2000.Our travel information service and database, which covers Greater London,is likely to form an integral part of the national system.

Since buses will play a major role in any integrated transport strategy, LT Buses is developing the Bus 2000 initiative. Together with already-programmed initiatives, this will further increase frequency and reliability, introduce simpler fares and a more flexible range of tickets,and make information at bus stops easier to understand.

Developing the network

The important role public transport plays in London's success is widely recognised. Improvements in the quality and capacity of the system are generally seen as being essential to meet future needs,to provide an attractive alternative to car travel, to support regeneration, and to reduce congestion.

Improving the frequency of existing bus and Underground services will help to meet the growing demand for public transport but, in the longer term,additional rail capacity will also be needed.The three schemes which form the "Regional Metro" strategy (Thameslink 2000,CrossRail and the Chelsea-Hackney line) would provide increased rail capacity in the central area.While decisions on the latter two are not expected to be taken until the

Opposite:public transport has a key role to play in the regeneration of south and east London.

Keeping London *moving*

Keeping London *moving*

Opposite, top-left: London Transport works closely with train operating companies and Railtrack to provide London with a better, more integrated public transport service.

Opposite, top-right: frontline staff are trained in disability awareness.

Opposite, top-centre: London Transport was a development partner in the new shopping and leisure scheme at Finchley Road.

Greater London Authority is in place. We are continuing to work on the Thameslink project with the Office of Passenger Rail Franchising (OPRAF) and with the promoters of the scheme, Railtrack. We are also working to ensure that the other two projects are refined and safeguarded.

A detailed evaluation of Intermediate Mode schemes – between conventional bus and heavy rail – in Barking, Romford, Greenwich, Uxbridge Road and across the central area, between Camden and Southwark, is nearly complete.

Improving accessibility

We are improving access for disabled people and frontline staff are trained in disability awareness.

LT Buses wants to make it easier for everyone to get on and off, and to move about on, buses. More than 900 low-floor buses are already in use and all new buses entering service will be wheelchair accessible and incorporate features to help passengers who have sensory disabilities. Colour-contrasted handrails, easy-to-reach bell pushes, "bus stopping" signs and clearer destination displays all make buses easier to use.

Opposite: computer image of the proposed development at White City in which good public transport links will complement the new retail facilities.

Plans to install lifts between street and platform levels at a number of the older stations on the Underground are being developed. The extended Jubilee line will enable wheelchair users to travel from Waterloo, Stratford and London Bridge mainline stations to the Millennium Exhibition at North Greenwich, and will also connect with the fully-accessible Docklands Light Railway.

Working with other organisations

We work closely with many other agencies on planning issues. For example, we are working with BAA's Forum on plans to meet the future requirements of Heathrow Airport. We are also a development partner in a number of planning schemes in the leisure and retail sector, which continues to grow. The largest of these is a regional shopping centre at White City, which will be an excellent example of urban regeneration by creating retail facilities and providing good public transport links.

LT Buses and the operating companies are continuing to formalise partnerships with local authorities through Quality Commitments which, to date, have involved about a third of the London boroughs. By working together and focusing efforts on defined strategic local priorities, synergy in bus service improvements should be achieved.

Looking forward

We feel that we have achieved a great deal in recent years. As we face the challenges of the new Millennium, we know that we can do more to keep London on the move.

Denis Tunnicliffe

Financial review

The higher number of total passenger journeys made on London's buses and Underground in 1998/99 generated revenue of £1,340 million, an increase of £65 million over the previous year. As a result, gross operating margin rose to £255 million, representing 55% of the investment in the core network.

Financial performance

Since 1994, London Transport has generated sufficient revenue to meet the cost of day-to-day operations.This has enabled it to plough internally-generated funds back into improving the service for customers.In 1998/99, London Transport continued this trend by generating a gross operating margin of £255 million,an increase of 8% over the previous year. The additional costs associated with the introduction of the Jubilee Line Extension, the service benefits of new PFI contracts and changes to bus service contracts, however, will impact on gross operating margin in the following years.

Funding

London Transport received £411 million of Government grant in 1998/99,of which £267 million was used to fund the ongoing construction of the Jubilee Line Extension.A grant of £30 million was paid to the private sector to fund Croydon Tramlink.

Funding review

	1998/99 £m	1997/98 £m
Sources of funding		
Sales revenue	**1,340**	1,275
Cost of operations	**(1,085)**	(1,038)
Gross operating margin	**255**	237
PFI asset charges	**(28)**	–
Capital receipts and working capital	**155**	23
Internal funding	**382**	260
Government grant	**411**	630
Grant disbursements	**(52)**	(47)
Total funding	**741**	843
Investment		
London Underground – core business	**415**	324
– Jubilee Line Extension	**282**	476
LT Buses	**19**	26
Other	**25**	17
Total investment	**741**	843

Investment

During 1998/99 a total of £741 million was invested, of which £415 million was spent on the existing Underground network; £91 million more than 1997/98.

New trains began to enter service on the Northern line as part of a PFI contract. The total value of the trains and associated equipment is estimated at £420 million. In August 1998,two major PFIs were signed for Prestige and Power. The Prestige contract will provide customers with a new ticketing system on both buses and the Underground network and the Power contract will upgrade London Underground's power supply system. A further PFI contract was signed later in the year to upgrade the BT Police's accommodation. These new schemes involve the private sector investing £250 million over the next four years.

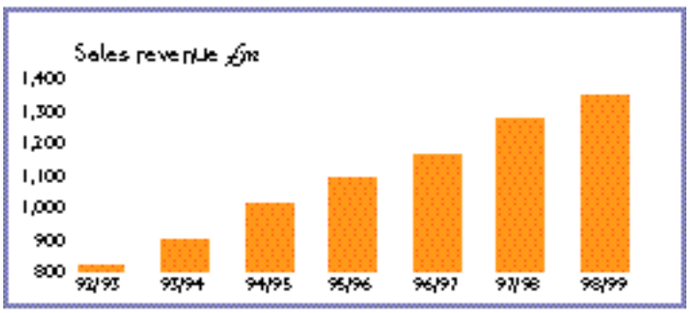
Payment of suppliers

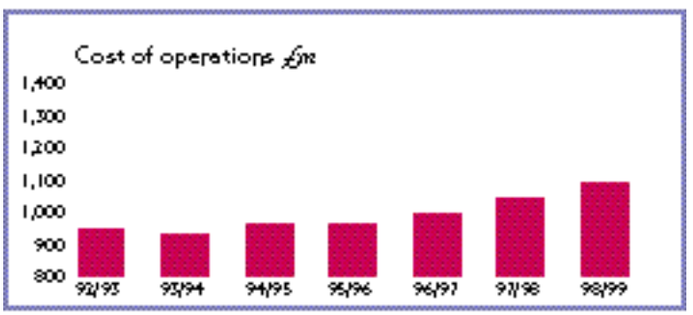
London Transport supports the Government's view that large corporations should act responsibly by paying invoices promptly. Appropriate terms and conditions, which range from standard terms and conditions to terms individually negotiated for large civil contracts,are agreed with suppliers. Payment is normally made in accordance with the agreed terms, if the supplier has also complied with them (see Note 25 to the accounts).

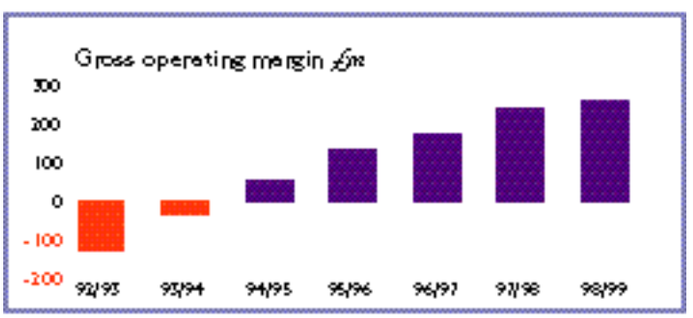
Going concern

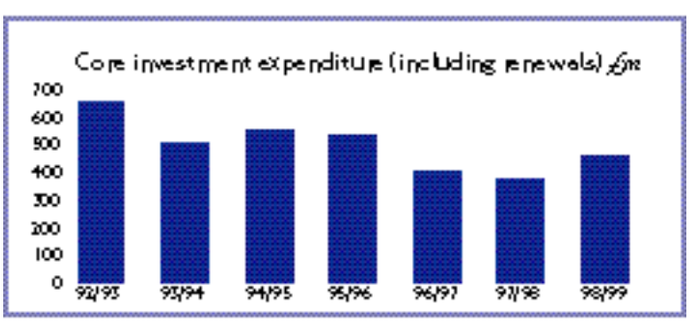
The London Transport Board approved the adoption of the Group's budget for 1999/2000,based on the agreed level of £549 million of Government grant inclusive of £148 million carried forward from 1998/99. The Board,therefore, continues to adopt the going concern basis in preparing the accounts.

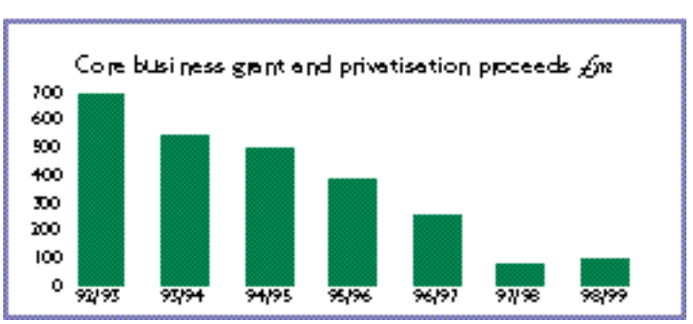
Under the Government's proposals for a Greater London Authority, London











Financial objectives to be achieved in 1998/99

	Objectives 1998/99[i]	Actual 1998/99	Actual 1997/98
London Underground			
Operating cost per train kilometre [ii]	**£10.28**	£11.59	£10.61
Gross operating margin	**£310.0m**	£317.7m	£287.8m
LT Buses			
Net operating subsidy per operated bus kilometre [iii]	**6.5p**	3.4p	Nil
Gross operating margin/(loss)	**£(21.7m)**	£(11.5m)	£0.1m
LT Property – rental income growth [iv]	**3.0%**	5.0%	4.3%
Other businesses – gross operating loss	**£23.4m**	£18.3m	£19.7m
Dial-a-Ride – cost per trip	**£10.80**	£10.07	£9.78

(i) Converted to 1998/99 prices
(ii) Based on cost of operations excluding restructuring costs
(iii)Based on gross operating loss excluding restructuring costs
(iv)Objective is based on the IPD Index three year average

Transport's responsibilities will be passed to a new body, Transport *for* London. While this, together with the Public Private Partnership, which is planned for London Underground, will have a major impact on the organisation and its operations, it is premature to reflect them in these accounts.

Secretary of State's financial objectives

All but one of the financial objectives for 1998/99, which were set three years ago, have been achieved (see table above). Delays and technical problems with the introduction of new signalling on the Central line and the delayed entry into service of the Jubilee Line Extension have not permitted the envisaged increase in kilometres operated. As a result the operating cost per train kilometre objective was not achieved.

Corporate governance

London Transport consults with Government on policy and holds regular meetings to review its policy and performance. As far as it is appropriate for nationalised industries, it complies with provisions of the Combined Code. Statements on corporate governance and on the Corporation's responsibilities are on page 34. Disclosure of Board members' emoluments is on page 44.

Year 2000

A programme to achieve Year 2000 compliance was established in 1996. The scope encompasses information services, operational systems, facilities, suppliers and business continuity. The estimated cost of this programme is £30 million. A recent independent assessment undertaken by District Audit concluded that London Underground will be well prepared for the millennium before the end of the third quarter of 1999. Progress is reviewed at Board level on a regular basis.

Board members' biographies

Sir Malcolm Bates

Non-Executive Chairman, 64

Chairman of London Transport since February 1999. Chairman of the Pearl Group (including London Life and AMP (UK)) since March 1996 and Chairman of Premier Farnell plc since January 1997. Until 31 March 1997 he was Deputy Managing Director of GEC plc, a position he held for 12 years.From May 1997 to February 1999 he was a Special Adviser to HM Paymaster General and from July 1997 to January 1999, a non-executive Director of BICC plc. He is a non-executive Director of AMP Ltd Australia (the parent company of Pearl Group) and Wavetek Wandel & Goltermann Inc. USA and a member of the Advisory Board of DLJ Phoenix Equity Partners II.

Denis Tunnicliffe CBE

Chief Executive, London Transport, 56

Chief Executive of London Transport since June 1998, and a member of the London Transport Board since 1993. Formerly a pilot,he has held senior positions with British Airways and was Chief Executive of the Aviation Division of the International Leisure Group.

Clive Hodson CBE

Managing Director, LT Buses, 57

Managing Director of LT Buses since 1994,he joined the London Transport Board in 1995. Formerly Managing Director of London Buses Limited and Chairman of five of its subsidiary companies prior to their privatisation.

Derek Smith

Managing Director, London Underground,50

Managing Director of London Underground since February 1999. Formerly Chief Executive at King's College Hospital where he led the hospital through a programme of major change and development.He has held various other senior management positions in the NHS, including Unit General Manager at Frenchay Hospital in Bristol and District General Manager at South Bedfordshire Health Authority.

Brian Appleton

Non-Executive, 67

Joined the London Transport Board in September 1995. Formerly Non-Executive Chairman of London Transport from April 1998 to February 1999.Previously Group Director of ICI Chemicals and Polymers,and assessor to the *Piper Alpha* Inquiry. He has carried out a study into London Underground's response to fire and bomb threats and has been adviser to LT on safety management.

Sir Alan Bailey KCB

Non-Executive, 67

Joined the London Transport Board in December 1991. Formerly Permanent Secretary at the Department of Transport and Second Permanent Secretary at the Treasury.

Michael Lawrence

Non-Executive, 55

Joined the London Transport Board in June 1994. Formerly Chief Executive of the Stock Exchange, Group Finance Director with Prudential Corporation and Chairman of the Hundred Group of Finance Directors.

Sally O'Sullivan

Non-Executive, 49

Joined the London Transport Board in August 1995.Editor in Chief of the Home Interest Group at IPC Magazines having held the same position at *Good Housekeeping* magazine. She has edited a number of leading consumer magazines, is a member of the Broadcasting Standards Council and the Advisory Council on the Misuse of Drugs.

Board members and committees

as at 31 March 1999

London Regional Transport Board

Sir Malcolm Bates*
Chairman

Members
Mr D Tunnicliffe
Mr C Hodson
Mr D V Smith
Mr B Appleton*
Sir Alan Bailey*
Mr M J Lawrence*
Ms S A O'Sullivan*

Ms F Low (Secretary)

Chief Executive's Committee

Mr D Tunnicliffe
Chairman

Members
Mr D Bailey
Mr D Bayliss
Ms A C Burfutt
Mr C Hodson
Mr J J Hughes
Ms F Low
Mr D V Smith
Mr H L Sumner

Transition Chief Executive's Committee

Mr D Tunnicliffe
Chairman

Members
Mr D Bailey
Mr D Bayliss
Ms A C Burfutt
Mr C Hodson
Mr J J Hughes
Ms F Low
Mr D V Smith
Mr H L Sumner

Board committees

Audit Committee

Mr M J Lawrence
Chairman

Members
Sir Alan Bailey
Ms S A O'Sullivan

Safety Audit Committee

Mr B Appleton
Chairman

Members
Mr C Hodson
Mr D Smith
Mr D Tunnicliffe

Planning Group Committee

Mr D Tunnicliffe
Chairman

Members
Mr D Bailey
Mr D Bayliss
Mr A Goulcher
Mr C Hodson
Mr D V Smith
Mr R Smith
Mr J Willis

Remuneration Committee

Sir Alan Bailey
Chairman

Members
Mr B Appleton
Mr M J Lawrence
Mr D Tunnicliffe

Principal subsidiaries

London Underground Limited Board

Mr D Tunnicliffe
Chairman
Mr D V Smith
Managing Director

Members
Mr B Appleton
Mr D Bailey
Ms A C Burfutt
Mr J J Hughes
Mr H L Sumner

Ms F Low (Secretary)

Victoria Coach Station Limited Board

Mr C Hodson
Chairman
Mr W E C Hillman
Managing Director

Member
Mr A Brindle

Mr J Jackson (Secretary)

London River Services Limited

Mr C Hodson
Chairman

Members
Mr A Brindle
Mr G Elliott
Mr B D Everett
Mr M G Heath

Ms F Low (Secretary)

Management boards

LT Buses Board

Mr D Tunnicliffe
Chairman
Sir Alan Bailey
Deputy Chairman
Mr C Hodson
Managing Director

Members
Mr A Brindle (Secretary)
Mr B D Everett
Mr M G Heath
Mr W E C Hillman
Mr J K Isaac*
Mr R S Smith

LT Property Board

Mr D Tunnicliffe
Chairman
Mr C H Smith
Managing Director

Members
Mr D Bailey
Mr C Hodson
Mr J J Hughes
Ms F Low
Mr M Withers

Mr L Delew (Secretary)

*****Non-Executive*

Direction given by the Secretary of State

The Secretary of State for the Environment, Transport and the Regions ("the Secretary of State"),with the approval of the Treasury, in pursuance of Section 23 of the London Regional Transport Act 1984,hereby gives the following Direction:

1 The annual accounts,which it is the duty of London Regional Transport ("the Corporation") to prepare shall, in respect of the year ended 31 March 1999,save as described in Schedule 1, comply with:
i) the accounting and disclosure requirements of Companies Act 1985 currently in force;
ii) the accounts disclosure requirements of paragraph 43 of chapter 12 of the listing rules issued by the Stock Exchange;and
iii)generally accepted accounting practice in the United Kingdom (UK GAAP).

2 The carrying value of operational assets should be at the estimated cost of modern equivalent assets written down to reflect their remaining estimated useful lives;other property should be valued at open market value in accordance with the Royal Institution of Chartered Surveyors'guidelines.

3 The annual accounts shall include the information set out in Schedule 2 to this Direction.

4 The Direction shall be reproduced in the annual accounts.

Stuart Lord
Signed by authority of the Secretary of State on 21 April 1999.
A Director in the Government Office for London.

Schedule 1

1 The annual accounts referred to in paragraph 1 of the Direction will be prepared under Companies Act alternative accounting rules.The following accounting policies will be adopted:
i) The revaluation on depreciated assets shall be amortised annually through the Profit and loss account based on the lives of the related assets;
ii) No provision for depreciation shall be made in the accounts for infrastructure. Capital grant in respect of infrastructure shall not be amortised in the accounts on an annual basis. Renewals expenditure shall be charged as incurred to the Profit and loss account; and
iii)On withdrawal of fixed assets,there shall be recognised in the calculation of the profit or loss on disposal and reflected in the Profit and loss account unamortised capital grant (which is not required to be repaid) and any unamortised revaluation uplift remaining on operational assets.

2 The Profit and loss account shall be prepared in accordance with format 2 prescribed in the Companies Act 1985 and shall show the operating loss before grants.

3 The Balance sheet shall:
i) be prepared in accordance with format 1 prescribed in the Companies Act 1985;
ii show Corporate capital, grant and reserves on the face of the Balance sheet;
iii)include capital grants used to fund the purchase of fixed assets within Corporate capital, grant and reserves;and
iv)present items A to J in format 1 so as to show the total of those items as "Net assets"separately from the totals of item K, ie "Capital and reserves".

Schedule 2

1 The supplementary information to the accounts shall include summarised Profit and loss accounts and Balance sheets of the Corporation's directly held major subsidiaries and a statement of the unit costs of the main operating subsidiaries.

2 The Notes to the accounts shall include:
i) an analysis of sales revenue and profit or loss before grants over the principal activities;and
ii) a statement of the Corporation's performance against external finance and other limits set by the Secretary of State.

Corporate governance and the Corporation's responsibilities

Corporate governance

Principles of good governance

London Regional Transport is a statutory corporation reporting to the Secretary of State. The Corporation has applied the principles set out in the Combined Code issued by the London Stock Exchange ("Combined Code") as set out below:

The Board consists of eight members,of whom three are executive and five are non-executive (including the Chairman). The Board meets monthly and additionally when necessary. At each scheduled meeting of the Board,the Chief Executive reports on the Corporation's operations and financial position. In addition, the Board has adopted standard procedures and practices whereby significant issues affecting the Corporation are reviewed on a regular basis.The Board is satisfied that it is provided with information in an appropriate form and quality to enable it to discharge its duties.

The Chairman of the Corporation is a non-executive director, who is responsible for the running of the Board.The Board is responsible to the Secretary of State for the direction and control of the Corporation and the Chief Executive is responsible to the Board for management of the Corporation within parameters set by the Board.The Chief Executive, on behalf of the Board,has regular meetings with ministers and officials.These meetings cover strategic and operational issues,including achievement of performance objectives.

The Board is responsible for ensuring that the Corporation maintains a system of internal financial controls, including suitable monitoring procedures.The system is designed to ensure the maintenance of proper accounting records and the reliability of the financial information used within the business or for publication, but any such system can only provide reasonable and not absolute assurance against mis-statement or loss.The Audit Committee monitors the effectiveness of the system of internal financial controls.

The Corporation's internal financial control and monitoring procedures include:

i) clear responsibilities on the part of management for the maintenance of good financial controls and the production of accurate and timely financial management information;

ii) the control of key financial risks through clearly laid down authorisation levels and proper segregation of accounting duties;

iii)detailed four-weekly budgeting and reporting of trading results,balance sheets and cash flows, with regular review by management of variances from budgets;

iv) reporting on internal financial controls and procedures by the Internal Audit Department.These reports are reviewed by the Audit Committee, comprising three non-executives,who meet quarterly.

Code of Best Practice

Throughout the year, the Corporation has complied with the provisions of the Combined Code, save as follows:

i) pending the issue of final guidance by the Turnbull Committee, the review of the effectiveness of internal controls has been limited to internal financial controls;

ii) Board members are appointed by the Secretary of State, who determines their terms and conditions of employment including their remuneration,which is set out on page 44.Consequently, the role of the Remuneration Committee is to review the remuneration structures of senior executives other than the Board members.

The Corporation's responsibilities for the accounts

London Transport is required by the Direction,which is set out on page 33,to prepare accounts which give a true and fair view of the profit or loss, cash flow and the state of affairs of the Corporation and its subsidiaries in respect of each accounting year. The Board approves suitable accounting policies,ensures they are applied consistently, and makes judgements and estimates that are reasonable and prudent.

The Board is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Corporation and which enable it to ensure that the financial statements comply with the Companies Act 1985,save as directed. It is also responsible for taking reasonable actions to safeguard the assets of the Corporation and its subsidiaries and to prevent and detect fraud and other irregularities.

Auditors' report

Auditors' report to the Secretary of State on the accounts of London Transport

We have audited the accounts on pages 36 to 56.

Respective responsibilities of Board members and auditors

As described on page 34, the Board members are responsible for exercising the Corporation's responsibility for the preparation of accounts. Our responsibilities,as independent auditors,are established by statute, the Auditing Practices Board,the Listing Rules of the London Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the London Regional Transport 1984 Act and the Direction dated 21 April 1999 given by the Secretary of State. We also report to you if, in our opinion,the Annual Report is not consistent with the accounts, if the Corporation has not kept proper accounting records, if we have not received all the information and explanations we require for our audit or if information specified by law or the Listing Rules regarding Board members' remuneration and transactions with the company is not disclosed.

We review whether the statement on page 34 reflects the Corporation's compliance with those provisions of the Combined Code specified for our review by the Stock Exchange and we report if it does not. We are not required to form an opinion on the effectiveness of the Corporation's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report, including the corporate governance statement,and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the accounts.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board.An audit includes examination,on a test basis, of evidence relevant to the amounts and disclosures in the accounts.It also includes an assessment of the significant estimates and judgements made by the Board members in the preparation of the accounts,and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Corporation and the Group as at 31 March 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the London Regional Transport Act 1984 and the Direction dated 21 April 1999 given by the Secretary of State.

KPMG

KPMG
Chartered Accountants
Registered Auditors
27 May 1999

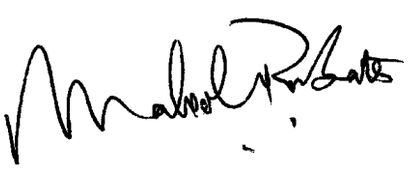
Group profit and loss account

year ended 31 March 1999	Note	**1998/99 £m**	1997/98 £m
Sales revenue	2	**1,339.9**	1,274.8
Cost of operations	3a	**(1,084.9)**	(1,037.7)
Gross operating margin		**255.0**	237.1
Depreciation	10d	**(134.2)**	(133.1)
Renewals		**(249.0)**	(195.9)
PFI asset charges	20a	**(28.2)**	–
Operating loss before grants	2	**(156.4)**	(91.9)
Grants taken to the Profit and loss account	7c	**159.5**	131.9
Operating profit after grants		**3.1**	40.0
Profit on disposal of assets		**5.8**	12.5
Profit before taxation	4	**8.9**	52.5
Taxation	9	**–**	–
Profit for the year		**8.9**	52.5
Transfer to capital reserve	17a	**(5.8)**	(50.7)
Profit and loss account movement in the year	18	**3.1**	1.8
Accumulated profit at the beginning of the year		**6.8**	5.0
Accumulated profit at the end of the year		**9.9**	6.8

Balance sheets

at 31 March 1999	*Note*	Group 1999 £m	Group 1998 £m	Corporation 1999 £m	Corporation 1998 £m
Fixed assets					
Tangible fixed assets	*10*	**8,386.6**	8,018.9	**265.9**	246.5
Investment in subsidiaries		**–**	–	**470.6**	470.6
Total fixed assets		**8,386.6**	8,018.9	**736.5**	717.1
Current assets					
Stocks	*11*	**16.4**	17.1	**0.4**	0.4
Debtors	*12*	**119.6**	145.0	**189.9**	178.3
Short-term deposits		**8.1**	6.6	**–**	–
Cash at bank and in hand	*13*	**13.3**	18.1	**2.1**	6.6
Total current assets		**157.4**	186.8	**192.4**	185.3
Creditors: amounts falling due within one year	*14*	**(554.6)**	(448.9)	**(163.0)**	(158.6)
Net current assets/(liabilities)		**(397.2)**	(262.1)	**29.4**	26.7
Total assets less current liabilities		**7,989.4**	7,756.8	**765.9**	743.8
Creditors: amounts falling due after more than one year	*15*	**(5.6)**	(14.3)	**–**	–
Provisions for liabilities and charges	*16*	**(90.1)**	(96.9)	**(46.9)**	(50.6)
Net assets		**7,893.7**	7,645.6	**719.0**	693.2
Capital and reserves					
Corporate capital, grant and reserves	*17*	**7,883.8**	7,638.8	**714.5**	689.7
Profit and loss account		**9.9**	6.8	**4.5**	3.5
Total capital employed		**7,893.7**	7,645.6	**719.0**	693.2

These accounts were approved by the Board on 27 May 1999 and signed on its behalf by



Sir Malcolm Bates

Chairman

Group statement of total recognised gains and losses

year ended 31 March 1999	Note	**1998/99 £m**	1997/98 £m
Profit for the year		**8.9**	52.5
Revaluation of tangible fixed assets	*10a*	**193.1**	300.4
Depreciation arising on revaluation	*10a*	**(8.4)**	(125.0)
Diminution arising on revaluation	*10a*	**(148.3)**	(123.2)
Unrealised surplus on revaluation of tangible fixed assets	*17a*	**36.4**	52.2
Total recognised gains for the year		**45.3**	104.7

Note of Group historical cost profits and losses

year ended 31 March 1999	Note	**1998/99 £m**	1997/98 £m
Profit for the year		**8.9**	52.5
Difference between historical cost depreciation and actual depreciation charge calculated on current replacement cost included in the Group Profit and loss account	*10d*	**44.5**	45.9
Grant release from Revaluation reserve account in respect of the depreciation charge included in the Profit and loss account	*17a*	**(44.5)**	(45.9)
Realisation of the accumulated revaluation surplus on properties sold during the year	*17a*	**4.3**	9.1
Historical cost profit for the year		**13.2**	61.6

Group cash flow statement

year ended 31 March 1999	Note	1998/99 £m	1997/98 £m
Total operating loss before grants per Profit and loss account		**(156.4)**	(91.9)
Depreciation	*10d*	**134.2**	133.1
Decrease/(increase) in stocks	*23*	**0.7**	(2.6)
Decrease/(increase) in debtors	*23*	**26.9**	(23.2)
Increase in creditors due within one year	*23*	**51.7**	27.4
Increase/(decrease) in creditors more than one year	*23*	**(3.0)**	3.0
Increase/(decrease) in provisions for liabilities and charges	*23*	**(6.8)**	4.2
Net cash inflow from operating activities		**47.3**	50.0
Capital expenditure and disposals			
Capital expenditure	*23*	**(441.4)**	(690.1)
Receipts from sale of fixed assets	*23*	**13.6**	26.9
Net cash outflow from capital expenditure and disposals		**(427.8)**	(663.2)
Net cash outflow		**(380.5)**	(613.2)
Financing and management of liquid resources			
Government grant	*7a*	**411.1**	630.1
Grant disbursements	*23*	**(53.0)**	(46.5)
Third-party contributions and other grant funding	*17a*	**23.8**	31.1
Short-term loan	*24*	**(5.0)**	(3.0)
Short-term deposits	*24*	**(1.5)**	(1.3)
Net cash inflow		**375.4**	610.4
Decrease in cash	*24*	**(5.1)**	(2.8)

Notes to the accounts

1 Accounting policies

a) Form and content of accounts

The accounts of London Transport (the "Corporation") and its subsidiaries (the "Group") are prepared in form and content in accordance with sections 23(2), (3) and (4) of the London Regional Transport Act 1984 (the "Act") and as directed by the Secretary of State in his Direction, issued under sections 23(2) and (4) of the Act. The accounts are prepared under the historical cost convention, modified to reflect the effect of changing prices, and in accordance with applicable accounting standards, save as directed.

b) Basis of accounting

The Group accounts incorporate the accounts of London Transport and its subsidiaries; such accounts are made up to 31 March. The Corporation is exempt from the requirement to present its own Profit and loss account. The Corporation's investments in subsidiaries are stated at cost. Cost is equal to the book value of assets transferred from the Corporation at 30 March 1985 or on the date of acquisition where later.

c) Sales revenue

Sales revenue comprises the value of sales of services or goods in the normal course of business (excluding Value Added Tax) and includes amounts receivable from the London Borough Councils and County Authorities in respect of free and reduced fare travel for the elderly and disabled.

d) Grants and other funding

The Group accounts include non-repayable grants received from Government. Other funding includes profits from commercial operations, proceeds from the sale of fixed assets and contributions from third parties. Capital grants and contributions from third parties in respect of capital expenditure are credited to Corporate capital, grant and reserves. Capital grant and other forms of assistance are amortised to the Profit and loss account to match the depreciation charge.

e) Tangible fixed assets – valuation, renewal and depreciation

Infrastructure

These assets consist of tunnels, stations, embankments, track, signalling, electricity supply and property leased to outside contractors. These are carried at the estimated cost of modern equivalent assets written down to reflect their remaining estimated useful economic lives, which in no case exceeds 100 years. A full revaluation, which takes account of the condition of the assets and their remaining lives, is carried out every five years; in the intervening years, assets are revalued by reference to relevant indices. The net revaluation in the year is transferred to Revaluation reserve. Bored tunnels, excavations for stations and embankments entering service prior to 1 April 1992 are carried in the Balance sheet at nil value. Associated land is carried at vesting value at 1 January 1970, or at subsequent cost. Renewal costs are charged to the Profit and loss account as incurred.

Other property

These assets consist of investment properties commercially let and capable of being separated from operational property (e.g. offices, shops, residential property and disused operational property awaiting disposal) and business properties, used by the Group for its own transport purposes, which are not limited in their future use by operational constraints or requirements and which are not integral to the infrastructure (e.g. offices).

These properties are valued at open market value by the Managing Director, LT Property in accordance with the Royal Institution of Chartered Surveyors' guidelines. Business properties are valued on an existing use basis. Investment properties are valued with additional consideration of alternative uses. The revaluation is credited to Revaluation reserve.

1 Accounting policies continued

In accordance with the Direction from the Secretary of State, these properties are not depreciated unless leasehold, in which case they are amortised over the lease term. The value of land associated with these properties is not readily identifiable from the overall values and is therefore not separately disclosed. Sales of properties are recognised on the exchange of contracts and the net profit, after charging any related costs, is credited to Profit and loss account. Sales proceeds are used to contribute towards financing the Group's capital expenditure, and therefore the profit or loss (after taxation) arising is appropriated to Capital reserve.

Depreciated assets
These assets are restated annually in the balance sheet at their depreciated replacement cost estimated by reference to the current cost of modern equivalent assets. The net revaluation in the year is transferred to Revaluation reserve. Depreciation is provided on the straight line basis by reference to replacement values computed as described above. Depreciation arising on revaluation of assets is taken to Revaluation reserve. The periods over which assets are depreciated are based on their estimated useful lives, which are reviewed regularly, and which for the major categories fall in the following ranges:

Rolling stock	up to 50 years
Piers	up to 50 years
Escalators and lifts	up to 40 years
Other plant and equipment	up to 30 years

f) Stocks
Stocks consist primarily of materials required for the operation and maintenance of rolling stock, properties and infrastructure. These stocks are valued at cost, which is not materially different from current cost, less provision for obsolescence.

g) Insurance
The Group maintains certain insurance policies for damage to, and loss of, owned/third-party property, for its potential liabilities to employees and third parties and for Board members, Directors and Officers against liability or breach of trust in relation to the Group. In addition, the Group selectively self-insures its exposures under the above and other headings. Provision is made for the estimated value of the Group's liability in respect of self-insured claims.

h) Pensions
The costs of providing pensions are recognised on a systematic basis and are charged to the periods benefiting from the employees' services. The difference between the charge to Profit and loss account and the contributions paid is shown as an asset or liability in the Balance sheet.

i) Deferred taxation
Provision is made for deferred taxation arising from timing differences between profits or losses as computed for taxation purposes and profits or losses as stated in the accounts, to the extent that the liability will be payable in the foreseeable future.

Notes to the accounts

2 Sales revenue and operating profit/(loss) before grants for continuing operations

	Sales revenue 1998/99 £m	Sales revenue 1997/98 £m	**Profit/(loss) before grants 1998/99 £m**	Profit/(loss) before grants 1997/98 £m
Rail operations	**1,008.7**	926.0	**(136.7)**	(77.1)
Bus operations	**275.9**	295.2	**(19.4)**	(9.7)
Other operations				
Property	**38.7**	38.4	**34.6**	32.4
Victoria Coach Station	**5.8**	5.6	**0.7**	0.5
Museum	**2.6**	2.4	**(2.3)**	(2.3)
Group services	**8.2**	7.2	**(21.8)**	(25.1)
Dial-a-Ride (funded by the Corporation but operated externally)	**–**	–	**(11.5)**	(10.6)
Total sales revenue and operating loss before grants	**1,339.9**	1,274.8	**(156.4)**	(91.9)

Sales by revenue source	**1998/99 £m**	**% of total**	1997/98 £m	% of total
Traffic revenue				
Fares	**1,160.3**	**86.6**	1,101.0	86.4
Revenue in respect of free travel for the elderly and disabled	**76.6**	**5.7**	78.0	6.1
Other	**2.5**	**0.2**	2.3	0.2
	1,239.4	**92.5**	1,181.3	92.7
Other revenue				
Rents receivable	**38.7**	**2.9**	38.4	3.0
Commercial advertising receipts	**28.2**	**2.1**	25.6	2.0
Other	**33.6**	**2.5**	29.5	2.3
	100.5	**7.5**	93.5	7.3
Total sales revenue	**1,339.9**	**100.0**	1,274.8	100.0

3 Cost of operations and employee numbers

a) Cost of operations

	1998/99 £m	1997/98 £m
Staff costs:		
Wages and salaries	**470.3**	450.1
Social security costs	**37.1**	35.7
Pension costs including augmentation	**45.6**	42.2
Voluntary severance	**–**	0.3
	553.0	528.3
Energy	**30.2**	28.8
Materials and services	**1,316.3**	1,348.2
	1,899.5	1,905.3
Charged to investment, renewals, PFI asset charges and third parties	**(814.6)**	(867.6)
Total cost of operations	**1,084.9**	1,037.7

b) Number of employees

	1998/99 Number	1997/98 Number
Average number of employees:		
Rail operations	**15,860**	15,805
Bus operations	**644**	618
Other operations	**1,549**	1,549
Group total	**18,053**	17,972
Actual number of employees at 31 March	**18,272**	18,062

4 Items included in the Group Profit and loss account

The profit before tax for the year is stated after allowing for the following amounts:

	1998/99 £m	1997/98 £m
Interest receivable	**(2.0)**	(1.8)
Auditors' remuneration for audit services	**0.2**	0.2
Auditors' remuneration for non-audit services	**1.1**	0.3

The cost of reorganising and restructuring the LT Group of £22.4 million was funded by Government grant (see Note 7b).

Notes to the accounts

5 Emoluments of the members of the Board

Executive and Non-Executive Board members are appointed by the Secretary of State and are mostly on fixed-term contracts, which may be extended. The contracts of Sir Malcolm Bates and Mr Tunnicliffe are terminable upon notice not exceeding six months. The Secretary of State determines Board members' emoluments, taking advice from the LT Chairman. Executive Board members receive an annual performance bonus (maximum of 40% of salary) based on actual performance achieved against predetermined key targets (including safety, quality of service, unit cost objectives and selected key tasks). Performance related bonuses shown below relate to performance in 1997/98.

Board members	Date of expiry of current term	Salaries/fees £	Performance related bonus £	Pension benefit £	Other benefits £	**Total emoluments 1998/99 £**	Total emoluments 1997/98 £
Executive							
C Hodson	31/03/00	116,063	21,197	100,000	18,072	**255,332**	181,043
D V Smith	31/01/02	25,000			3,267	**28,267**	
D Tunnicliffe		162,192	5,757	121,000	16,450	**305,399**	169,118
Non-Executive							
B Appleton	31/03/00	68,150				**68,150**	27,714
Sir Alan Bailey	30/11/99	17,989				**17,989**	17,310
Sir Malcolm Bates		5,134				**5,134**	
M J Lawrence	28/06/99	21,586				**21,586**	20,772
Ms S A O'Sullivan	31/03/00	17,989				**17,989**	17,310
Former members							
R H A Chase	28/02/99	16,482				**16,482**	17,310
Mrs R Day	17/04/98	616				**616**	13,854
P J Ford	22/04/98	13,646	13,100		295,463	**322,209**	223,252
Dr R Jeffrey	15/12/98	13,469				**13,469**	17,310
A J Sheppeck	28/08/98	47,946	8,903	100,000	15,454	**172,303**	189,261
Year ended 31 March 1999		**526,262**	**48,957**	**321,000**	**348,706**	**1,244,925**	894,254
Year ended 31 March 1998		627,739	95,720	119,000	51,795	894,254	

Mr Appleton's emoluments include £39,515 in respect of his services as Chairman from 23 April 1998 to 14 February 1999. Other benefits include compensation of £290,000 paid to Mr Ford.

	Annual pension £	Increase in pension £
P J Ford	5,090	–
C Hodson	72,675	6,678
A J Sheppeck	34,715	7,587
D V Smith	–	–
D Tunnicliffe	28,610	9,788

5 Emoluments of the members of the Board continued

Disclosure is made in respect of each Board member entitled to a final salary pension of:
– the pension benefit being the transfer value of the increase in accrued pension during the year, less his own contributions;
– the amount of annual pension, on attaining normal pension age, to which he would be entitled if he left the company at the year end or is entitled, having retired during the year; and
– the increase in that pension over the year excluding any inflationary increase.

Mr Hodson participates in a supplementary money purchase scheme designed to top up his normal pension entitlement under the final salary scheme. No employer contributions were made in the year. Pension costs charged to Profit and loss account in respect of past Board members were £275,437 (1997/98 £158,130). No Board member had a material interest in any contract of significance with the Group.

6 Pensions

The LRT Pension Fund, to which the Group contributes, is a final salary scheme established under trust. Its finances are, therefore, quite separate from those of the Group. The Fund's Trustee is the LRT Pension Fund Trustee Company Limited, a wholly owned subsidiary of London Transport. Under the rules of the Fund, its 18 Trustee Directors have for many years been nominated in equal numbers by London Transport and on behalf of the Fund's membership. Approximately 90% of the Group's staff are covered by the LRT Pension Fund. The market value of the assets of the Fund at 31 March 1999 was £3,500 million (1998 £3,300 million).

At regular intervals independent actuaries make valuations and recommend the level of contributions to be made by the Group to ensure the long-term solvency of the Fund. The latest valuation of the Fund was carried out by a partner of external consulting actuaries Watson Wyatt as at 31 March 1997, using the projected unit method. The main actuarial assumptions were: interest 4.25% above inflation, pensionable pay 1.75% above inflation and pension increases and share income increases equal to price inflation, except for members joining after 1 April 1989 whose pensions are not fully index linked, where the actuaries have made a slightly lower assumption. The value placed on the assets of the Fund by the actuaries was 102% of the total past service liabilities on that date, assuming no change in benefits.

In accordance with SSAP 24 the pension charge to Profit and loss account in respect of the LRT Pension Fund for 1998/99 is the cost of the benefits, less the value of the actuarial surplus spread over the expected remaining service lives of current employees. Full provision of £24.5 million (1998 £28.8 million) for the difference between the SSAP 24 charge and the actual contributions paid to the pension fund is made in these accounts (see Note 16).

London Transport bears the cost of:
– ex-gratia payments, which are made to certain employees on retirement in respect of service prior to the establishment of pension funds for those employees;
– supplementary payments, which are made to certain employees who retired prior to index linking of pensions;
– augmentation of the pensions of certain employees, who retire early under voluntary severance arrangements.
On the instruction of the LT Director of Pensions, his deputy, a Fellow of the Institute of Actuaries, carried out an actuarial valuation as at 1 April 1999 of the above unfunded pension liabilities, using a valuation basis consistent with that adopted by the consulting actuary to the LRT Pension Fund in his last valuation. Full provision of £31.0 million (1998 £31.1 million) for unfunded pension liabilities is made in these accounts (see Note 16).

Notes to the accounts

7 Government external finance limits and grants

a) Grant funding available from Government

Government controls the level of grant given to the Corporation each year through the setting of an External Finance Limit (EFL). In 1998/99 the EFL was fully taken up by the Corporation. The analysis of grant making up the EFL is shown below:

		1998/99 External Finance		1997/98 External Finance	
		Requirement	**Limit**	Requirement	Limit
	Note	**£m**	**£m**	£m	£m
Core business		**143.0**		122.6	
Jubilee Line Extension		**266.7**		506.0	
		409.7	**409.7**	628.6	628.6
Movement in net funds	*24*	**1.4**		1.5	
Grant received		**411.1**		630.1	

b) Allocation of grants received from Government

		1998/99	1997/98
	Note	**£m**	£m
Grant disbursements for Croydon Tramlink		**30.0**	47.0
Reorganisation and restructuring costs	*4*	**22.4**	–
Total grant disbursements		**52.4**	47.0
Capital grant for additions to fixed assets	*17a*	**332.0**	583.1
Renewals	*7c*	**26.7**	–
Grant received		**411.1**	630.1

c) Grants taken to Profit and loss account

		1998/99	1997/98
	Note	**£m**	£m
Grant for Renewals not internally funded	*7b*	**26.7**	–
Release of Capital grant to meet the depreciation charge on the historical cost of depreciated fixed assets	*17a*	**88.3**	86.0
Release of Revaluation reserve to meet the depreciation charge on the revaluation element of depreciated fixed assets	*17a*	**44.5**	45.9
Grants taken to the Profit and loss account		**159.5**	131.9

8 Government investment limits

In addition to the External Finance Limits, the Government also sets investment limits covering the replacement, renewal of, and additions to, tangible fixed assets. Limits are fixed in the spring based on the five-year plan submitted by the Corporation.

		1998/99 Investment		1997/98 Investment	
		Expenditure	**Limit**	Expenditure	Limit
	Note	**£m**	**£m**	£m	£m
Investment expenditure in year:					
Additions to fixed assets	*10a*	**492.2**		647.4	
Renewals per Profit and loss account		**249.0**		195.9	
		741.2	**745.9**	843.3	837.5

		1998/99	1997/98
	Note	**£m**	£m
Sources of funding for investment:			
Gross operating margin		**255.0**	237.1
PFI asset charges		**(28.2)**	–
Capital receipts net of working capital		**155.7**	23.1
Total internal funding		**382.5**	260.2
Government grant	*7a*	**411.1**	630.1
Grant disbursements	*7b*	**(52.4)**	(47.0)
		741.2	843.3

9 Taxation

The Corporation and its subsidiaries are assessable individually to taxation in accordance with the Income and Corporation Taxes Act. No liability for Corporation tax arises in respect of the accounting year to 31 March 1999. At 31 March 1999 it is estimated that losses for taxation purposes and other tax reliefs available to offset future profits are not less than £170 million in the Group (1998 £170 million), £110 million in the Corporation (1998 £110 million). Final agreement of these losses and reliefs is outstanding with the Inland Revenue but these are not expected to be below the figures stated.

No provision for deferred taxation for timing differences is required at the Group level. The full potential liability for deferred taxation in respect of potential capital gains on revalued fixed assets has not been quantified as no tax liability is expected to arise due to the availability of rollover relief.

Notes to the accounts

10 Tangible fixed assets

a) Group

	Note	Infrastructure and other property £m	Rolling stock £m	Plant and equipment £m	Assets in course of construction £m	Total £m
Gross valuation						
Balance at 1 April 1998		8,016.4	3,198.1	1,317.5	2,409.0	14,941.0
Additions to fixed assets		62.4	44.7	93.3	291.8	492.2
Disposals		(7.6)	(165.1)	(67.5)	(3.1)	(243.3)
Transfers		289.5	–	(287.7)	(1.8)	–
Revaluation at 31 March 1999		254.0	(44.7)	(16.2)	–	193.1
Gross valuation at 31 March 1999		**8,614.7**	**3,033.0**	**1,039.4**	**2,695.9**	**15,383.0**
Depreciation or diminution in value						
Balance at 1 April 1998		4,292.3	1,917.0	712.8	–	6,922.1
Disposals		(0.4)	(162.0)	(54.2)	–	(216.6)
Transfers		196.6	–	(196.6)	–	–
Depreciation for year	*10d*	3.8	60.9	69.5	–	134.2
Depreciation arising on revaluation		–	–	8.4	–	8.4
Diminution arising on revaluation		148.3	–	–	–	148.3
Balance at 31 March 1999		**4,640.6**	**1,815.9**	**539.9**	**–**	**6,996.4**
Net book value at 31 March 1999		**3,974.1**	**1,217.1**	**499.5**	**2,695.9**	**8,386.6**
Net book value at 31 March 1998		3,724.1	1,281.1	604.7	2,409.0	8,018.9

b) Analysis of net book value of tangible fixed assets by Group company at 31 March 1999

	Infrastructure and other property £m	Rolling stock £m	Plant and equipment £m	Assets in course of construction £m	Total £m
Corporation	189.5	–	58.9	17.5	265.9
London Underground	3,782.7	1,217.1	433.9	2,678.4	8,112.1
London River Services	–	–	5.7	–	5.7
Victoria Coach Station	1.9	–	1.0	–	2.9
Group total	**3,974.1**	**1,217.1**	**499.5**	**2,695.9**	**8,386.6**

10 Tangible fixed assets continued

c) Corporation

	Infrastructure £m	Other property £m	Plant and equipment £m	Assets in course of construction £m	Total £m
Gross valuation					
Balance at 1 April 1998	86.4	121.5	95.7	13.1	316.7
Additions to fixed assets	3.9	3.4	21.5	4.4	33.2
Disposals	(0.2)	(6.9)	(3.2)	–	(10.3)
Transfers to subsidiaries	(0.5)	(1.8)	–	–	(2.3)
Transfers	0.4	–	(0.4)	–	–
Revaluation at 31 March 1999	0.7	6.8	0.1	–	7.6
Gross valuation at 31 March 1999	**90.7**	**123.0**	**113.7**	**17.5**	**344.9**
Depreciation or diminution in value					
Balance at 1 April 1998	21.4	1.0	47.8	–	70.2
Disposals	–	(0.5)	(2.5)	–	(3.0)
Depreciation for year	–	0.3	9.5	–	9.8
Diminution arising on revaluation	2.0	–	–	–	2.0
Balance at 31 March 1999	**23.4**	**0.8**	**54.8**	**–**	**79.0**
Net book value at 31 March 1999	**67.3**	**122.2**	**58.9**	**17.5**	**265.9**
Net book value at 31 March 1998	65.0	120.5	47.9	13.1	246.5

d) Group depreciation charge

	Note	**1998/99 £m**	1997/98 £m
Depreciation for year:			
– on the historical cost of depreciated fixed assets		**89.7**	87.2
– on the revaluation element of depreciated fixed assets		**44.5**	45.9
Depreciation taken to the Profit and loss account	*10a*	**134.2**	133.1

Notes to the accounts

10 Tangible fixed assets continued

e) Infrastructure and other property

Infrastructure and other property excludes bored tunnels, excavations for stations and embankments entering service prior to 1 April 1992 which are carried in the Balance sheet at nil value.

f) Rolling stock, plant and equipment

Rolling stock, plant and equipment include £73.0 million (1998 £83.7 million) of partially complete assets.

g) Assets in course of construction

These assets (including prepayments) are carried at cost and include expenditure on new and extended railway lines not yet in use and preliminary expenditure incurred on projects prior to full approval.

In addition to expenditure on the Jubilee Line Extension of £2,479.9 million (1998 £2,197.7 million), Assets in course of construction includes development expenditure on CrossRail of £135.9 million (1998 £135.9 million). CrossRail continues to be progressed by a small project team whose costs are charged to cost of operations.

h) Historical cost of assets

The historical cost of assets includes all investment expenditure since 1970 and the book value transferred, when the predecessor to London Transport was formed.

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Infrastructure	**4,093.9**	3,727.7	**72.1**	66.9
Other property	**119.3**	109.5	**77.9**	79.0
Rolling stock	**1,347.8**	1,346.1	**–**	–
Plant and equipment	**868.8**	907.8	**110.4**	92.3
Assets in course of construction	**2,695.9**	2,409.0	**17.5**	13.1
Gross cost	**9,125.7**	8,500.1	**277.9**	251.3
Less accumulated depreciation	**(1,278.0)**	(1,194.5)	**(53.6)**	(46.4)
Net written down cost	**7,847.7**	7,305.6	**224.3**	204.9

11 Stocks

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Maintenance	**14.4**	14.9	**–**	–
Fuel	**1.6**	1.8	**–**	–
Other	**0.4**	0.4	**0.4**	0.4
	16.4	17.1	**0.4**	0.4

12 Debtors

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Trade debtors	**90.2**	118.6	**61.7**	82.4
Prepayments and accrued income	**29.4**	26.4	**3.3**	4.0
Amounts due from subsidiaries	**–**	–	**124.9**	91.9
	119.6	145.0	**189.9**	178.3

13 Cash at bank and in hand

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Deposits repayable on demand	**1.9**	6.4	**1.9**	6.4
Cash at bank	**2.6**	2.3	**0.1**	–
Cash in hand and in transit	**8.8**	9.4	**0.1**	0.2
	13.3	18.1	**2.1**	6.6

Notes to the accounts

14 Creditors: amounts falling due within one year

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Capital works	**256.9**	197.6	**10.8**	8.4
Trade creditors	**157.9**	116.3	**52.4**	51.6
Receipts in advance for Travelcards and Bus Passes	**82.6**	77.8	**82.6**	77.8
Salaries and wages	**20.5**	16.7	**1.6**	1.3
National Insurance, PAYE and pensions	**15.1**	14.2	**–**	–
Rentals in advance	**8.5**	8.5	**8.5**	8.5
Amounts due to subsidiaries	**–**	–	**5.0**	4.4
Total creditors excluding borrowings	**541.5**	431.1	**160.9**	152.0
Bank overdrafts	**13.1**	12.8	**2.1**	1.6
Short-term loan from British Rail	–	5.0	**–**	5.0
Total creditors due within one year	**554.6**	448.9	**163.0**	158.6

15 Creditors: amounts falling due after more than one year

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Retentions on capital contracts	**5.6**	11.3	**–**	–
Lease rentals	**–**	3.0	**–**	–
	5.6	14.3	**–**	–

16 Provisions for liabilities and charges

	Note	At 1 April 1998 £m	Payments in year £m	Increase /(reversal) £m	**At 31 March 1999 £m**
Group					
SSAP 24 pension provision	*6*	28.8	(46.3)	42.0	**24.5**
Unfunded pension liabilities	*6*	31.1	(3.7)	3.6	**31.0**
Claims for compensation	*1g*	16.2	(4.7)	2.9	**14.4**
Other claims		20.8	(8.7)	8.1	**20.2**
		96.9	(63.4)	56.6	**90.1**
Corporation					
SSAP 24 pension provision		22.8	(5.2)	4.7	**22.3**
Unfunded pension liabilities		22.6	(2.0)	1.6	**22.2**
Claims for compensation		5.2	(2.4)	(0.4)	**2.4**
		50.6	(9.6)	5.9	**46.9**

17 Corporate capital, grant and reserves

a) Group

	Note	Vested capital £m	Capital reserve £m	Capital grant £m	Revaluation reserve £m	Total £m
Corporate capital, grant and reserves at 1 April 1998		198.4	647.8	4,625.7	2,166.9	7,638.8
Capital grant received from Government	7b	–	–	332.0	–	332.0
Released to Profit and loss account:						
– to meet the depreciation charge	7c	–	–	(88.3)	(44.5)	(132.8)
– on disposal of tangible fixed assets		–	–	(19.1)	(1.1)	(20.2)
Third-party contributions and other grant funding		–	22.3	1.5	–	23.8
Transfer from Profit and loss account		–	5.8	–	–	5.8
Realisation of revaluation reserve on disposal of properties		–	4.3	–	(4.3)	–
Revaluation of tangible fixed assets		–	–	–	36.4	36.4
Balance at 31 March 1999		**198.4**	**680.2**	**4,851.8**	**2,153.4**	**7,883.8**

b) Corporation

Corporate capital, grant and reserves at 1 April 1998		198.4	342.4	69.1	79.8	689.7
Capital grant received from Government		–	–	27.1	–	27.1
Released to Profit and loss account:						
– to meet the depreciation charge		–	–	(9.2)	(0.2)	(9.4)
– on disposal of tangible fixed assets		–	–	(0.8)	–	(0.8)
Transfer from Profit and loss account		–	0.4	–	–	0.4
Third-party contributions		–	1.9	–	–	1.9
Realisation of revaluation reserve on disposal of properties		–	4.2	–	(4.2)	–
Revaluation of tangible fixed assets		–	–	–	5.6	5.6
Balance at 31 March 1999		**198.4**	**348.9**	**86.2**	**81.0**	**714.5**

Notes to the accounts

18 Profit and loss account

The Group retained a profit of £3.1 million in the year (1997/98 £1.8 million), and the Corporation a profit of £1.0 million (1997/98 Nil).

19 Capital commitments

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
In respect of contracts placed	**361.2**	396.0	**25.8**	58.8
Authorised but not yet contracted	**661.7**	470.1	**26.9**	40.4
	1,022.9	866.1	**52.7**	99.2

20 Financial commitments

a) Operating leases

Under the Government's PFI initiative, agreements have been entered into for the provision by the private sector of a new fleet of trains for the Northern Line (together with associated equipment), a new ticketing system, new facilities for the British Transport Police and upgraded high-voltage power generation and distribution systems. These assets have a combined estimated cost of £670 million. Given the substantial risks retained by the private sector, these transactions are accounted for as operating leases and the assets provided are, therefore, not included in the Balance sheet. The PFI asset charges of £28.2 million shown in the Profit and loss account exclude related services of £44.6 million, which are charged to cost of operations.

The Group has also entered into operational leases in respect of motor vehicles. The total rental for 1998/99 included in the Profit and loss account was £3.2 million (1997/98 £3.3 million). These lease agreements, which cover the cost of routine maintenance and repairs, are charged to the Profit and loss account over the period of the lease.

The Group leases certain property on short-term and long-term leases. The rents payable on these leases in 1998/99 were £9.6 million (1997/98 £12.1 million). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The Group pays all insurance, maintenance and repairs of these properties. Commitments for the following year under these leases are shown below:

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Property leases expiring:				
Within one year	**0.4**	0.7	**–**	0.2
Between one and five years	**0.7**	0.9	**0.6**	0.5
Thereafter	**14.4**	8.8	**2.5**	2.9
	15.5	10.4	**3.1**	3.6

20 Financial commitments continued

The total estimated amount, including related services, payable under PFI agreements and other non-cancellable operating leases in the following year is shown below:

	Group		Corporation	
	1999	1998	**1999**	1998
	£m	£m	**£m**	£m
Other leases expiring:				
Between one and five years	**1.7**	1.6	**–**	–
Thereafter	**146.3**	21.2	**37.3**	–
	148.0	22.8	**37.3**	–

b) Contingencies

There are a number of uncertainties surrounding the Jubilee Line Extension and other major projects, including claims in the course of negotiations, that may affect the financial outcome of these projects. The financial statements include management's best estimate of the outcome of the uncertainties.

The Jubilee Line Extension is in part funded by a loan of £98.1 million from the European Investment Bank (EIB) to Olympia and York Canary Wharf Limited (O&Y). The Corporation has indemnified EIB in the event of insolvent winding up of O&Y. Additional funding will become payable by O&Y after a commissioning certificate has been issued. If the extended line does not meet certain conditions, damages will be payable by the Corporation.

21 Related parties

All Executive and Non-Executive Board members are appointed by the Secretary of State, as explained in Note 5. The Corporation is therefore controlled by Government and is also funded by way of Government grant.

The Corporation has had no material transactions during the year with related parties other than with group companies and British Rail. The Corporation has taken advantage of the exemption from disclosing transactions with other group companies.

22 Principal subsidiaries of the Corporation

	Activity
London Underground Limited	Passenger transport by rail
London River Services Limited	Piers operator
Victoria Coach Station Limited	Coach station

The Corporation owns all the ordinary share capital of all its subsidiaries.

Notes to the accounts

23 Group cash flow statement: reconciliation with the accounts

	Note	Operating activities £m	Capital expenditure £m	Sales of fixed assets £m	Grant disbursements £m	Total movement £m
Amounts included in the accounts		(156.4)	(492.2)	12.3	(52.4)	
Depreciation	10d	134.2	–	–	–	
Decrease in stocks	11	0.7	–	–	–	0.7
Decrease/(increase) in debtors	12	26.9	(2.8)	1.3	–	25.4
Increase/(decrease) in creditors due within one year	14	51.7	59.3	–	(0.6)	110.4
Decrease in creditors more than one year	15	(3.0)	(5.7)	–	–	(8.7)
Decrease in provisions for liabilities and charges	16	(6.8)	–	–	–	(6.8)
Group cash flow statement year ended 31 March 1999		**47.3**	**(441.4)**	**13.6**	**(53.0)**	

24 Movement in net funds

	Note	At 31 March 1998 £m	Movement £m	**At 31 March 1999 £m**
Cash at bank and in hand	13	18.1	(4.8)	**13.3**
Bank overdrafts	14	(12.8)	(0.3)	**(13.1)**
Total cash		5.3	(5.1)	**0.2**
Short-term loan from British Rail	14	(5.0)	5.0	**–**
Short-term deposits		6.6	1.5	**8.1**
Total of net funds		6.9	1.4	**8.3**

25 Payment of suppliers

Appropriate terms and conditions are agreed with suppliers. These range from standard terms to individually negotiated contracts, for example large civil engineering contracts. Payment is made in accordance with those terms and conditions, provided that the supplier has also complied with them. The average number of days supplies owed to creditors at the year end stood at 60 days. This is calculated from the energy, materials and services invoiced in the year and the invoices outstanding at the year end. The analysis of creditors is shown below:

	Note	Invoiced £m	Accrued £m	**Total £m**
Capital works	14	76.2	180.7	**256.9**
Trade creditors	14	106.7	51.2	**157.9**
		182.9	231.9	**414.8**

Quality of service objectives and performance

Service performance measures (% unless otherwise indicated)

	Actual 1998/99	Targets 1998/99
London Underground		
Percentage of schedule operated	93.6	96.9
Escalator availability	92.7	91.4
Lift availability	94.8	93.8
Excess journey time (minutes)	6.46	6.25
LT Buses		
Kilometres operated – excluding losses due to traffic congestion	98.5	99.0
Low frequency routes – departing on time *	69.0	77.0
Low frequency routes – departing early	5.0	3.4
Night bus services – departing on time *	71.0	70.0
Excess waiting time on high frequency routes (minutes)	2.0	1.4

Customer satisfaction measures

London Underground		
Train service	75	77
Information on stations and trains	77	75
Customer safety and security	81	83
Station staff helpfulness and availability	68	70
Train and station cleanliness	67	69
LT Buses		
Bus stations – overall quality of environment	73	76
Bus stations – overall quality of information	63	68
Condition of bus stops and shelters	78	76
Staff helpfulness	82	87
Internal cleanliness of buses	75	83
External cleanliness of buses	76	78

* *On time – no more than two minutes early or five minutes late.*

Summarised accounts: London Underground

Profit and loss account

year ended 31 March 1999	**1998/99 £m**	1997/98 £m
Sales revenue – traffic revenue	**976.5**	898.8
– other revenue	**68.6**	61.7
Total sales revenue	**1,045.1**	960.5
Cost of operations – rail	**(739.3)**	(681.2)
– other activities	**(17.7)**	(14.6)
Gross operating margin	**288.1**	264.7
Depreciation	**(124.0)**	(124.1)
Renewals	**(244.3)**	(190.5)
PFI asset charges	**(28.2)**	–
Operating loss before grants	**(108.4)**	(49.9)
Grants taken to the Profit and loss account	**108.4**	88.1
Operating profit after grants	**–**	38.2
Profit on disposal of assets	**5.4**	3.5
Profit for the year	**5.4**	41.7
Transfer to capital reserve	**(5.4)**	(41.7)
Retained profit for the year	**–**	–

Balance sheet

at 31 March 1999	**1999 £m**	1998 £m
Fixed assets	**8,112.1**	7,769.4
Net current liabilities	**(439.8)**	(299.8)
Total assets less current liabilities	**7,672.3**	7,469.6
Creditors falling due after one year	**(5.6)**	(14.3)
Provisions for liabilities and charges	**(39.1)**	(42.2)
Net assets	**7,627.6**	7,413.1
Total capital employed	**7,627.6**	7,413.1

The above results have been extracted from the accounts of London Underground. Sales revenue and cost of operations include inter-company trading, which is eliminated on consolidation. Net current liabilities include inter-company balances.

Economic costs and benefits of services: London Underground

(Figures for 1997/98 adjusted to 1998/99 prices)	**1998/99 £m**	Movement £m	1997/98 £m
Economic costs			
Sales revenue	**1,045.1**	64.4	980.7
Cost of operations	**(757.0)**	(46.6)	(710.4)
Depreciation	**(124.0)**	2.7	(126.7)
Renewals	**(244.3)**	(49.8)	(194.5)
PFI asset charges	**(28.2)**	(28.2)	–
Estimated opportunity cost of capital invested in the Underground	**(451.2)**	(12.4)	(438.8)
Net economic cost of providing Underground services	**(559.6)**	(69.9)	(489.7)

The above figures are intended to measure the full economic cost of providing London Underground services. In addition to the revenue and operating costs shown in the Profit and loss account, the estimated opportunity cost of capital invested in London Underground is included. The estimated opportunity cost of capital is calculated by applying a theoretical annual 6% (1997/98 6%) rate of return to the average capital employed during the year. The net economic cost increased in the year by £69.9 million (14%) due to increased investment in infrastructure, which is expensed as renewals, and PFI asset charges.

	Footnote	**1998/99 £m**	Movement £m	1997/98 £m
Economic and social benefits				
Estimated economic and social benefits arising from Underground services:	*i*			
– direct benefits to passengers from reduced congestion and pollution	*ii*	**2,225.0**	110.2	2,114.8
– benefits to the UK economy of "knock-on" effects	*iii*	**2,180.5**	108.1	2,072.4
Total economic and social benefits		**4,405.5**	218.3	4,187.2

i) These annual economic and social benefits have been calculated by comparing those arising from London Underground's services with a hypothetical situation where there is no London Underground. There is no generally accepted economic basis for accurately calculating these social benefits which is recognised by Government. London Underground commissioned an independent review of these economic and social benefits from Professor McWilliams of the Centre for Economics and Business Research Limited who has confirmed the figures stated above.

ii) The benefits to London Underground passengers are the difference between their valuation of the service and the fare actually charged. The benefits from reduced congestion are the value of the savings in journey time and pollution and from the reduced risk of accidents as a result of traffic diverted from the road to the Underground.

iii) The benefits to the economy of the "knock-on" effects are measured by a model that calculates the reduction in economic activity that would result from the absence of London Underground.

Operating statistics

	1998/99	1997/98	1996/97	1995/96	1994/95
London Underground					
Passenger journeys (millions)	**866**	832	772	784	764
Passenger kilometres (millions)	**6,716**	6,479	6,153	6,337	6,051
Train kilometres (millions)	**61.2**	62.1	58.6	57.2	54.8
Passenger place kilometres (millions)	**54,779**	55,458	52,162	51,564	49,432
Route kilometres	**392**	392	392	392	392
Average fare per passenger kilometre (pence)	**14.5**	13.9	13.0	12.1	11.9
LT Buses					
Passenger journeys (millions)	**1,267**	1,277	1,234	1,198	1,159
Passenger kilometres (millions)	**4,315**	4,350	4,159	4,018	3,912
Bus kilometres (millions)	**344**	342	332	329	322
Average fare per passenger kilometre (pence)	**13.9**	13.3	13.2	12.7	12.3

Group assets

	at 31 March 1999	at 31 March 1998
Tunnels (kilometres) – pre 1914	**146**	146
– 1914-1939	**57**	57
– after 1939	**82**	82
– Jubilee Line Extension	**20**	20
	305	305
Other assets		
Railway carriages	**3,923**	3,886
Track (kilometres)	**1,093**	1,093
Bridges and viaducts	**1,102**	1,102
Drainage pumps	**782**	700
Underground stations	**246**	245
Escalators and lifts	**372**	372
Power stations	**2**	2
Sub-stations	**133**	131
Bus stations and stands	**66**	63
Bus shelters	**6,702**	6,370

Group financial history

Group operating profit and loss accounts excluding discontinued operations

	1998/99	1997/98	1996/97	1995/96	1994/95
	£m	£m	£m	£m	£m
Sales revenue	**1,339.9**	1,274.8	1,158.9	1,087.7	1,012.2
Cost of operations	**(1,084.9)**	(1,037.7)	(989.5)	(958.0)	(960.0)
Gross operating margin	**255.0**	237.1	169.4	129.7	52.2
Depreciation, renewals and PFI asset charges	**(411.4)**	(329.0)	(339.7)	(417.2)	(422.3)
Rationalisation costs	**–**	–	–	–	(27.8)
Grants	**159.5**	131.9	170.9	288.7	382.8
Operating profit/(loss) after grants	**3.1**	40.0	0.6	1.2	(15.1)

Group operating profit and loss accounts including discontinued operations

	1998/99	1997/98	1996/97	1995/96	1994/95
	£m	£m	£m	£m	£m
Sales revenue	**1,339.9**	1,274.8	1,158.9	1,087.7	1,155.2
Cost of operations	**(1,084.9)**	(1,037.7)	(989.5)	(958.0)	(1,087.0)
Gross operating margin	**255.0**	237.1	169.4	129.7	68.2
Depreciation, renewals and PFI asset charges	**(411.4)**	(329.0)	(339.7)	(417.2)	(437.3)
Rationalisation costs	**–**	–	–	–	(27.8)
Grants	**159.5**	131.9	170.9	288.7	397.8
Operating profit after grants	**3.1**	40.0	0.6	1.2	0.9

Group balance sheets

	1999	1998	1997	1996	1995
	£m	£m	£m	£m	£m
Fixed assets	**8,386.6**	8,018.9	7,485.2	7,465.2	6,773.4
Net current liabilities	**(397.2)**	(262.1)	(270.2)	(309.0)	(248.3)
Total assets less current liabilities	**7,989.4**	7,756.8	7,215.0	7,156.2	6,525.1
Creditors: amounts falling due after more than one year	**(5.6)**	(14.3)	(29.0)	(52.3)	(52.8)
Provisions for liabilities and charges	**(90.1)**	(96.9)	(92.7)	(96.2)	(114.6)
Net assets	**7,893.7**	7,645.6	7,093.3	7,007.7	6,357.7
Capital employed	**7,893.7**	7,645.6	7,093.3	7,007.7	6,357.7

Designed and produced by CGFD. Main photography by David Tedman and Neil Walker; additional photographs by Neale Atkinson, Henrietta Van den Bergh and Tony Mitchel. Printed in England by Litho-Tech using soya-based inks on environmentally friendly paper.

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